

Public Administration Review

THE JOURNAL OF THE AMERICAN SOCIETY FOR PUBLIC ADMINISTRATION

Volume II

WINTER · 1942

Number 1

| | | |
|--|--|----|
| Agriculture Goes to War | <i>James L. McCamy</i> | 1 |
| The Agricultural Referendum | <i>L. V. Howard</i> | 9 |
| The Real Estate Dilemma | <i>R. G. Tugwell</i> | 27 |
| Financial Control: A Case Study | <i>Richard W. Van Wagenen</i> | 40 |
| Administrative Regions in Virginia | <i>Raymond Uhl</i> | 50 |
| A Worm's-eye View | <i>Virgil B. Zimmermann and Dwight Waldo</i> | 54 |
| Reviews of Books and Documents | | |
| Organization for Overhead Management . | <i>Paul H. Appleby and Arnold Brecht</i> | 61 |
| The Public Utility in Britain | <i>William E. Mosher</i> | 67 |
| Our American Democracy at War | <i>O. L. Nelson</i> | 70 |
| The Evolution of Unemployment Policy | <i>Daniel L. Goldy</i> | 72 |
| On Government by Commission | <i>James Hart</i> | 78 |
| An Analyst's Handbook | <i>Pendleton Herring</i> | 82 |
| Investigation of Investigation | <i>S. S. Sheppard</i> | 84 |
| Contemporary Topics | | 87 |
| News of the Society | | 93 |

Published quarterly, in February, May, August, and November, by the American Society for Public Administration. Office of Publication: 1009 Sloan Street, Crawfordsville, Ind. Editorial and Executive Offices: 1313 East 60th Street, Chicago, Ill. Entered as second-class matter October 13, 1940, at the post office at Crawfordsville, Indiana, under the Act of March 3, 1879.

Subscription rate: \$5 a year; or, to members, \$2.50, included in membership dues. Single copies, \$1.50. No discount to agents.

Dues schedule: sustaining members \$10 or more; members \$5; junior members (those 28 years of age or less) \$3.

Address: *Managing Editor*, PUBLIC ADMINISTRATION REVIEW
1313 East 60th Street, Chicago, Illinois

IN THIS NUMBER

JAMES L. McCAMY, formerly assistant to the secretary of agriculture, describes the conversion of the Department of Agriculture to a war program and explains the smoothness and efficiency of the process.

L. V. HOWARD, chairman of the political science department, University of Maryland, describes the operation of the various types of referenda through which the farmer expresses his opinion, or grants or withholds his consent, in the administration of various agricultural programs.

R. G. TUGWELL, governor of Puerto Rico and formerly chairman of the New York City Planning Commission, discusses the relation of a competitive system of real estate speculation to community planning and management and predicts far more extensive municipal control or ownership.

RICHARD W. VAN WAGENEN, who recently left an instructorship in government at Yale University to become a first lieutenant of field artillery, appraises the system of financial control in the city of San Francisco.

War problems do not respect county and municipal boundaries. RAYMOND UHL, acting director of the Bureau of Public Administration at the University of Virginia, describes the "defense regions" in Virginia and speculates about their future role in the governmental system.

After taking the junior administrative technician examination of the U. S. Civil Service Commission, VIRGIL B. ZIMMERMANN and DWIGHT WALDO appraise the types of questions asked and their influence on education and administration. Mr. ZIMMERMANN was formerly instructor in political science at the University of West Virginia; Mr. WALDO is an instructor in government at Yale University.

Reviewers: PAUL H. APPLEBY, under secretary of agriculture, discusses with ARNOLD BRECHT the latter's recent article, "Smaller Departments." . . . WILLIAM E. MOSHER, dean of the Maxwell School of Citizenship and Public Affairs at Syracuse University . . . LIEUTENANT COLONEL O. L. NELSON, assistant professor at the U. S. Military Academy . . . DANIEL L. GOLDY, assistant regional director of the Office of Defense Health and Welfare Services . . . JAMES HART, professor of political science at the University of Virginia . . . PENDLETON HERRING, secretary of the Graduate School of Public Administration at Harvard University . . . S. S. SHEPPARD, executive director of the Bureau of Governmental Research, New Orleans.

The pages of *Public Administration Review* are open to contributors holding various views of public policy and public administration. The editors do not accept responsibility for the views expressed in any article or review.

Agriculture Goes to War

By JAMES L. McCAMY

Bennington College

AGRICULTURE entered "defense" and war with less fuss and fury than any other section of the national economy. Industry and labor questioned the fresh intrusion of government in their realms and grew wastefully quick tempered in the strain for positions of advantage. Capital resisted plant expansion unless much of the risk was assumed by government. Some agencies of government were reluctant to admit a crisis and were slow to adopt new practices. Even yet things remain to be done that ought to have been done months ago. Not with the bold determined stride but hesitantly, side-winding, we prepared for war. Once in, of course, the situation changed and we became united in purpose, in skills, and in resources.

While capital, management, labor, and some parts of government were wasting time and motion because they felt no unity under a compulsion of danger, agriculture quietly shifted to a planned economy for war instead of programs for a capitalistic peace. By the time of Pearl Harbor, six million farmers had been enlisted through personal address in the "Food for Freedom" campaign and, what is more important, had been given a detailed explanation of their individual contribution to the program. We were sending enough cheese to Britain under lend-lease shipments to bring the wartime ration there above the average normal per capita consumption in prewar days. Never before had we been an exporter of cheese, hence the sudden change could have been disruptive had we not had close planning and skilled administration. A steady line of boats filled with meat, eggs, milk,

citrus juices, vitamin concentrates—some 25 per cent of all the food to fill British stomachs, to bolster British morale, to maintain British health—was cast like a bridge of victuals across the Atlantic. The United States had become a vast grocery from which the hungry Englishman could order protein bulk in meat and cheese and also the stuff of health and amenities, such as orange juice for vitamin C, thiamin chloride for vitamin B-one, orange pulp for British marmalade for British tea, so that in truth there would always be an England.

The island was saved as truly by American food as by the circumstance that no enemy invasion followed Dunkirk. It can now be told that England was in a bad way for food when lend-lease began to operate. British dollars had been spent here for guns and not for butter; the Scandinavian sources of food had been conquered; and English belts were tightened to a danger line when our food began to arrive. "You send us the food," said Ernest Bevin to Paul Appleby, the Under Secretary, and R. M. Evans, the administrator of AAA, soon after lend-lease food began to count in the British diet, "and our industrial production of war material will increase 15 to 20 per cent." What Mr. Bevin meant was this: the English factory worker before lend-lease was too hungry and too undernourished to do a good day's work. His human factory was operating at 15 to 20 per cent below capacity. American food was fully as significant as American bombers, though not so much noise was made about it. Probably sometime in October or November, 1941—the reports are delayed after the event to avoid revealing any clues to

ship movements—the millionth ton of lend-lease food arrived in England. That was about seven months after the lend-lease bill was adopted. Within seven months, in other words, we had sent our neighbor a large amount of food, and we had performed without noticeable confusion all the complicated, manifold bits of administration necessary to produce the food, to buy it without disturbing supplies and prices in our home market, and to place the food at ports in adequate packages to be picked up by the British.

All this for England, plus supplying a larger demand at home as pay rolls grew, was accomplished without disruption of our normal pattern of behavior. We declared no priorities on food products. We faced no serious shortage of reserves. We could increase meat production quickly by drawing from stock piles of grain already long accumulated. Retail food prices were far short of inflation scale; the factory worker in the first ten months of 1941 could still buy 27 per cent more food for his dollar than he could have bought in 1929. Rationing of foods, if it was ever to come, seemed too remote to consider at the time that millionth ton of food reached England. Let it be recorded for the worryment of autarchic foes that at the first Christmastide after our entry into war the only queue in the nation's capital was outside a cut-rate liquor store.

Foresight and Planning

A LARGE part of the ease with which agriculture went to war was due to the foresight and the experienced general competence of agricultural administration. The United States Department of Agriculture had been thinking in terms of drastic world upheaval for a long time and therefore had made its preparations. At the time of the Munich crisis in 1938 all chiefs of bureaus and offices had met to receive their policy line from Secretary Wallace. They examined and reported the probable effects of another world war on the work of their agencies. The illusory peace that followed

Munich changed to war in September, 1939. From that time forward the Department was preoccupied with war.

Each bureau and office again checked its programs in the light of world war. Each looked anew at its personnel to choose those men who could be counted on to do top jobs of management. The Secretary again gave the policy line to assembled chiefs. They were to tighten up wherever needed, prepare for unheard-of change in the world, anticipate the greatest emergency and be ready for it rather than think the war was remote, pull together on actions, and clear with an assistant in his immediate office all proposed policies and actions to make sure they conformed to policy in the Department and at the White House or the departments of War, Navy, and State, these being at the time the agencies most responsible for our national policy in a world at war. All this was working by the end of the first week of war in Europe.

No change of administrative organization was needed within the Department at that time. The one newly created unit was placed outside the integral structure of the Department. It was the Agricultural Advisory Council, composed of eminent representatives of the producers, processors, and distributors of food and cotton, and of representatives of the consuming public including organized labor. Among the interests represented it served to bring about agreement on the public interest in such matters as food prices and on the ways in which each group might serve that public interest. It met rarely as a body, but individual members were frequently helpful to the Department between meetings, both as advisers to the Secretary and as aides in communicating his policies to their groups.

By the end of the first three weeks of war in 1939, the Department had established a routine handling of matters brought about by war. The progression of experience then went through three stages before Pearl Harbor, each one an advance in preparation for total war.

The first extended from September, 1939, to May, 1940. In this time the Department analyzed the impact of the European war on American agriculture and made plans to meet the impact. Simultaneously it worked at analysis and plans for agricultural policy and administration in case the United States became involved either in war or in a grave emergency outside of actual war. The Bureau of Agricultural Economics as the fact-analysis and program planning agency was diligent to summarize experience and to point the future way. The Office of Foreign Agricultural Relations worked overtime to evaluate the loss of export markets and to persuade (though without great success when we could not offer credit) the British and French to buy food and cotton here.

The second stage lay between May, 1940, when our "defense program" began under the stimulus of the blitzkrieg into the Lowlands, and March, 1941, when the lend-lease bill was adopted. During these nine months the Department worked to make every phase of agriculture do its maximum service in defense. Its facilities were used by the new defense agencies, especially by the agricultural division of the original National Defense Advisory Commission; and many defense measures were inaugurated by the Department in its daily operations. Various bureaus and offices had a part in plant site locations and land purchase, in the removal of farmers from new military sites, in advising on decisions about strategic raw materials, in programs for hemispheric unity, in reporting food conditions in Europe, in planning food supply and price at home, in helping the British buy what food they wanted here, in buying whatever food the American Red Cross could send abroad, in scientific research on military problems of technology, in carrying the message of defense for democracy to the people of rural America, in the efforts to design a postwar world that would make sense, and in many other phases and incidents of the vast activity of defense. Toward the latter part of this period the Department, notably the Surplus

Marketing Administration, made its plans and geared its administrative machinery to purchase the food for Britain in case the lend-lease bill should pass. It may be found when history is written that one of the most important factors in the Allies' tide of war was the ability of SMA to start immediately after its adoption the administration of the lend-lease food program.

The third stage in this preparation for war by the accumulation of experience began with the adoption of the lend-lease program and merged into total war when bombs fell on Pearl Harbor. The effort under lend-lease is well known. Farmers, under the leadership of Secretary Wickard, are stepping up the production of meat, dairy products, poultry and eggs, the foods that contribute directly to nutrition, while the production of the former export (and now surplus) crops, notably wheat, cotton, and tobacco remains curtailed. Food for health, food for Britain now and for our own dietary needs when this cruel war is over, is the thing. This stage of development, incidentally, brought the first change in administrative organization due to the war. All the Department's agents in a county were pulled together in an Agricultural Defense Board under the chairmanship of the AAA man in the county. And the agricultural division of the National Defense Advisory Commission was moved into the Department as the Office for Agricultural Defense Relations when the general reorganization of the new defense agencies occurred. The county defense boards make the farm surveys and conduct in unified policy the drive to increase the production of needed foods. The Office for Agricultural Defense Relations represents agriculture as a segment of the economy to other defense agencies on such matters as priorities or labor supply. In fact, this office has to sidestep if possible the worst threat to continued increases in the production of needed foods, namely, a shortage of farm machinery, farm chemicals (for such uses as fertilizer, fungicides, insecticides), and farm labor.

Reasons for Preparedness

GOOD men have worked to explain how agricultural administration came to be what it is, most notably John M. Gaus and Leon Wolcott in a recent superior book about administration against the background of the U. S. Department of Agriculture. The story in any case is long and involved, and all observers will no doubt be absorbed with the varied qualities which pervade the subject. Public administration in this large area of food and nonsynthetic fiber for man's use presents some of the noblest achievements of the modern state at work for public good; it also has its record of poor planning and poor execution. It often has great breadth in a comprehensive grasp of the public interest, and sometimes it performs as if farmers were the only people to be considered on this weary earth. It has so many people fired with bright imagination for the future that one is tempted to overlook the occasional men of small ideas, loathing change. It is a variegated scene of enormous activity and enormous significance, with the bright side on the whole predominant and success the usual order.

This much is certain. The administration of agricultural affairs has been more widespread and more successful on the whole than has the administration of industrial production or labor relations. If the main purpose of public administration is to make as easy as possible the adjustment of man's common affairs to the oncoming results of continuous social change, as I think, then the Department of Agriculture has been outstanding for competence. It has been administering the adjustment of farmers' affairs to the new conditions of social change in its realm of activity since 1933. The preparedness of agriculture for war was only another instance of this effective administration.

I am concerned at the moment only with how this particular achievement of preparedness for war came to be, and not with the long-sweeping view of the Department's place in the history of public administra-

tion. Gaus and Wolcott should be read for the larger story. The points that seem most relevant to the comparatively smooth entrance of agriculture into war are clear.

For one thing, the field of agriculture had been organized under government more extensively and for a longer time than had the field of industry. The public agency, whether federal or state, had been intimately associated with the farmers' enterprise, usually as adviser and aide, for many years. Since 1933 the government, in addition to giving advice and aid, had been close to farmers in a new kind of cooperative regulation under law, a scheme by which the farm entrepreneur had something to say about the administration of a regulatory program which in some cases relied on persuasion for its strength and in others could use penalties approved by the farmers. At the same time that government appeared with regulation, it was also providing economic services, in addition to the scientific service it had been furnishing since 1861. Loans on farms and on crops, insurance on wheat, export subsidies, and price stabilization through marketing agreements and the purchase of surplus crops—all these had become accepted as commonplace in the pervasive partnership between the government and the farmer.

The combination of approved regulation and welcome service from the government, especially prevalent after 1933, had made farmers accustomed to dealing trustfully with government. It was not so in industry. The National Recovery Administration was the germ of an organization, roughly analogous to the Agricultural Adjustment Administration, which conceivably might have created the confidence of partnership between the private enterpriser and the public's government if it had been well managed and if it had survived. But neither of these conditions was achieved, and industry reached the time of national crisis still suspicious of government, still anxious to keep public hands far away from so-called private business, still looking upon government as

a device to be used if needed without any obligation to reciprocate, and still woefully ignorant of what the federal government is, what it does, what it knows, and what it can do competently. This last point was almost amusing, if it had not been so serious, in the early weeks of "Defense" when industrialists who had just turned into public administrators exclaimed their surprise at finding federal bureaus competent. At least they passed such praise along to some of the federal craftsmen who worked with them, and I think they told as much to each other as well, probably with added consternation that executives could still be good at less than \$25,000. These men from industry and commerce literally had not known before what the Tariff Commission could provide, what the Bureau of Mines knew, what other scientific and statistical research and regulatory agencies had been doing for years. Farmers, in contrast, had long been aware of the work of government and had become used to mutual regulation and to seeking the services of government.

This difference in experience with government suggests another contrast. In the field of agriculture, the government has dealt mainly with individuals, each of whom could make his own decisions. Industry, in contrast, is organized predominantly in large corporate clusters in which decisions of policy are made via the tortuous routes of a hierarchy. A corporation cannot make up its mind as readily as a farmer can, nor can the government secure the consent or opinion or approval of a group of corporations as easily as it can communicate with a farmer.

Furthermore, sad to say, the organization of industry into amiable clusters each with a hierarchy just like all the others tends to discourage the acceptance of innovation in the relation of business enterprise to the public interest. The easiest way to get along and ahead is to conform to whatever credo is generally accepted. It doesn't pay to be labeled an eccentric who is, say, willing to admit that government has a right to com-

mand the productive resources or that private owners have a public obligation to take risks with their capital for the general welfare. So all the members of the hierarchy who might have had a word on policy decisions were restrained by the customs of their group and could not have joined quickly in faith with government even had they wanted to. If the tycoons said government was incompetent and to be resisted, all the first vice-tycoons, and second vice-tycoons, and especially the third and fourth vice-tycoons, plus the lawyers, accountants, and advertising executives who did the thinking for the tycoons at a fee, all these said the same thing because it was more comfortable that way. An individual might speak personally in favor of accepting more government direction—we have all seen this—but when he came to conference and spoke before his own kind, he followed strictly the words and music they all knew. Farmers in their individual way were not so confined and could sooner adjust to having government as a partner with a voice.

Another point in explanation of why agriculture went to war with readiness is the fact that it had legal authorities of great flexibility. The laws under which administration worked were useful for the expansion as well as for the contraction of production; in reality they provided an *adjustment* program though this concept was never as prominent in the public mind as was restriction. The laws also provided for price stabilization by means of loans or purchases as well as by production adjustment. And—most important—they allowed a redirection of productive effort toward new ends. No new authority of any great importance was needed to prepare for war. The farmer did not have to face the perplexity of new laws nor the questions of new administrative practices. Rather he saw the laws he already knew still applied.

Agricultural administration, furthermore, had a loyal and well-informed public. Its economic adjustment programs had been developing ever since the other war, and its

thorough system of education and publicity had spread understanding of the programs. The people most affected by administration knew the reasons for policy and approved of both policy and practice. They could see, for example, that the ever-normal granary, which Henry Wallace built to draw off surplus grain into storage against drouth or flood or pest, was just as useful for war, and they drew out corn to speed up pork for Britain. The idea of stock piles was not new to farmers who had been building stock piles during peace and who had thought them sensible.

Still another reason for the ease of agriculture's entrance into war was the fact that the administrators had adequate information readily available. The statistical services were long established and had lines already laid to the sources of comprehensive, reliable information. Business houses had been reporting cooperatively to the Marketing Service for a long time, always with confidence that information about any individual firm would be kept secret but that the total statistical report would be useful to the whole of business as well as to the government. In addition, numerous reporters on the staff throughout the land added to the flow of economic data. The Bureau of Agricultural Economics, Marketing Service, Office of Foreign Agricultural Relations, AAA, Surplus Marketing, all had pertinent information up to date. Plans could be made in BAE through its system of interbureau committees in terms of the accurate analysis of conditions. The administrators charged with programs for industrial production in defense could not draw upon as thorough or as experienced a source of information about supplies, facilities, and potential production. They turned to a variety of sources and got the most accurate data possible, and some of them who had worked with agricultural information before going over to industrial problems wished that they had had fact-gathering machinery for industrial and commercial figures equal to agriculture's services.

Administrators of Experience

FINALLY, administration in the field of agriculture had the organization and the men with experience in *public* administration on a large scale. The organization was complete from the small community to the Secretary and the President. It was not perfectly coordinated, of course; it never can be, for the nature of constant growth in dynamic administration forbids perfection; but it was adequate to a crisis task. In fact, it had been molded during the domestic crisis of the '30's and had been improved under the demands of both the depression emergency and a high standard of competence set as precedent by the total institution of agricultural administration. The organization of agricultural administration further had been strengthened, tightened up, made more rational by the national reorganization which followed the report of the President's Committee on Administrative Management. The transfers carried out at this time on the whole made eminent good sense, and they helped prepare administration for the crisis.

There had been a constant preoccupation with management in the Department since 1933. Henry Wallace knew the importance of administration and knew, too, what kind of organization was most effective. (See his article "Emerging Problems in Public Administration," 34 *American Political Science Review* 217, 1940.) Most important he knew, as the top executive, how to use an organization, so he wisely reserved his time mainly for policy and relied upon Paul H. Appleby, his chief assistant, to keep an eye on administrative organization and practice.

Under the leadership of Mr. Appleby, who supplied an extraordinary insight into public administration in its economic, social, and political environment, the executives close to Mr. Wallace were tireless in their efforts to improve administration. Such men as W. A. Jump, Milton S. Eisenhower, Roy F. Hendrickson, Milo R. Perkins, and many others in their staffs, with Mr. Appleby as leader, had worked

especially to bring the new agencies of depression birth into a unified department and to avoid a loose, indifferent confederation of bureaus each with its own intentions and with little responsibility to the head. They had thought fully as much about administration as about the social and economic programs to be administered. The results were notable, though again short of impossible perfection. When war began in 1939, the Secretary was head of a department which was moving with considerable coordination in many programs that could be added up to make a total. He could transmit policy throughout a department via the established organization of his own immediate office and his staff officers; he could gather an authoritative consensus from a department via the Program Board; he could call for comprehensive analyses and plans and get them for the whole via BAE.

I do not mean to say, of course, that all was benevolent peace. The usual arguments of tough human beings took place here as well as everywhere that men are aggressive. I think the significant point is that the Department had been organized to reach a resolution of most of the arguments and to communicate generally to all bureaus concerned the noncontroversial lines. It was working surprisingly well as a unified institution in 1939 under the schemes worked out by Mr. Appleby and his associates with the encouragement and blessing of Henry Wallace.

The Department also had the men to run the administrative machinery. These men were experienced in large-scale public administration in agriculture, some of them since the other war and most of them since the crisis of 1930 and beyond. A distinguished group of public servants has developed in this area, a part of the promising history of our land. Regardless of whether they entered by selection for their executive qualifications or by competitive examination and worked up, the top administrators in the Department were typically endowed with a spirit, an attitude toward their job,

and a sophisticated competence that made them outstanding for their vigor and their skill at accomplishing results. They had been operating the machinery, at times under emergency conditions, and they did not have to learn new jobs. They had also been working together through friction and agreement and they knew each other with respect. The organization could be useful because it had the men to use it.

The entrance, then, of agriculture into war has been a cheering sight. One can be proud of administration by democracy in this field. Whether one should take hope for continued achievement of this quality in the future remains to be seen. The lack of metals, men, and chemicals may stop the rise of food production which is essential to the continued ease of economic adjustment to war. An economy drive that fails to recognize food as a war supply might wreck the organization by which the job has been done up to now. A successful effort by some astigmatic pressure group bent on special interest for a class or crop could easily destroy the delicate balance now achieved from long negotiation. Members of Congress whose statesmen's hearts throb with anxiety for one particular commodity, and one alone, are a constant threat to administration in the public interest, a threat which administrators have to cope with every day—and which they use for the general welfare whenever possible.

Considerations of the Future

WHATEVER COMES, the record to date may well be relevant to two considerations of the future. We may have learned something useful from the quiet course of agriculture into war.

In the first place, the structure of our agricultural administration, which is organized for mutual understanding between citizens and government from the smallest community and even from the individual farm to the sweep of the entire nation, may be suggestive of political and economic organization and practice for the industrial world

of the future. We are still in the early stages of the struggle to adjust our society to all we call the industrial revolution. The great challenge to democracy is to devise effective organization in an industrial world without damage to the democratic regard for human dignity, for the value of the individual personality, and for the rights of individuals to respect, appreciation, and clarity.

None can question that the system of organization under which agriculture has gone to war has been democratic in its performance. Its personnel is partly elected and partly appointed; its policies are made in consultation and not decreed from some omniscient above. There is no record that any individual farmer's dignity and liberty have been damaged. On the contrary, this system replaced one in which, although there was not nearly so much government partnership, farmers were rioting against the courts and law because they felt that their rights as dignified, free men were being trampled under foot. Perhaps the agricultural system can be the model in many respects for the democratic organiza-

tion of industrial labor and management.

In the second place, Ernest Bevin's remark about the connection between diet and productive efficiency is just as true for many Americans as for the British factory workers. Partly as a result of our habits, partly as a result of economic inability to pay for nutritious food, we are ridiculously undernourished as a people according to standards based on the newer learning about nutrition. But today our agricultural leaders are saying that when war is ended we should concentrate on nourishing our own people well. We already have the pilot stage of widespread subsidized distribution of food in the operations of the Stamp Plan by the Surplus Marketing Administration. Agricultural administration can apply its experience of recent years to the future large job of directing the production and distribution of food for national health. It will have learned steadily from its progression through the crises of peace and war, and it will be able to face peace again with the same competence that made easy its transition to war.

The Agricultural Referendum

By L. V. HOWARD

University of Maryland

ONE of the most interesting features of the federal and federal-state agricultural program of the past few years is its use of the referendum as a means of determining farmer approval or disapproval of proposed administrative action. Since 1933 the referendum has been authorized in connection with the administration of the following activities: (1) tobacco inspection, (2) marketing agreements, (3) soil conservation, (4) production control, and (5) marketing quotas. The purpose of this article is to describe the use of the referendum in each of these fields and to discuss those features of its use which seem to throw most light upon its value as an instrument of group control over agricultural administration.

At the outset it should be noted that the authority for the use of the referendum in the tobacco inspection, marketing agreement, and marketing quota fields is derived from acts of Congress. Production control referenda, on the other hand, were in most cases authorized by the Agricultural Adjustment Administration without specific legislative authority, while soil conservation referenda are held under state laws which were passed upon the recommendation of the Department of Agriculture.

Although Congress has no delegated power to authorize a referendum on any subject, the constitutionality of the federal laws which provide for its use has been upheld by the Supreme Court on at least four occasions.¹ In two of the cases it was alleged

that the provision for a referendum constituted an unlawful delegation of legislative power on the part of Congress. In the *Currin* case the Court rejected this argument, however, by pointing out that what Congress had done was merely to impose "a restriction upon its own regulation by withholding its operation as to a given market 'unless two-thirds of the growers voting favor it.' " Continuing, the Court said (306 U.S. 15, 16):

This is not a case where a group of producers may make the law and force it upon a minority. . . . Here it is Congress that exercises its legislative authority in making the regulation and in prescribing the conditions of its application. The required favorable vote upon the referendum is one of those conditions. This distinction was pointed out in *Hampton & Company v. United States*, 276 U.S. 394, 407, where, in sustaining the so-called "flexible tariff provision" of the Act of September 21, 1922, and the authority it conferred upon the President, we said: "Congress may feel itself unable conveniently to determine exactly when its exercise of the legislative power should become effective, because dependent on future conditions, and it may leave the determination of such time to the decision of an Executive, or, as often happens in matters of state legislation, it may be left to a popular vote of the residents of a district to be affected by the legislation. While in a sense one may say that such residents are exercising legislative power, it is not an exact statement, because the power has already been exercised legislatively by the body vested with that power under the Constitution, the condition of its legislation going into effect being made dependent by the legislature on the expression of the voters of a certain district.

The agricultural referendum resembles more closely what is known as the optional referendum than any other form commonly found in the states. In each the legislature has the power to pass the law without se-

¹ *Currin v. Wallace*, 306 U.S. 1 (1939); *Mulford v. Smith*, 307 U.S. 38 (1939); *United States v. Rock Royal Cooperative, Inc.*, 307 U.S. 533 (1939); *Hood v. United States*, 307 U.S. 588 (1939).

curing the consent of anyone but elects to submit it to a popular vote. The principal difference between the referendum as used in the states and in agricultural administration lies in the composition of the group to which it is submitted. In one case the potential electorate includes the entire adult population of the area; in the other, only those persons in the area who have an immediate and direct interest in the result.

Referendum Provisions and Procedures

1. *Tobacco inspection.* The legislative basis for the tobacco inspection referendum is an act of 1935 (49 Stat. 731), which requires farmer approval before mandatory federal inspection and certification can be inaugurated at any auction market at which tobacco is bought and sold for shipment in interstate or foreign commerce. The question upon which the vote is taken is whether such inspection by the Department of Agriculture is favored for all tobacco which is sold at auction on the market, the cost to be borne by the federal government. The only persons who are eligible to vote are the growers who patronized the market during the preceding year, and a two-thirds majority of those who vote is required for approval.

To date twenty-seven tobacco inspection referenda have been conducted for eighty-nine marketing areas, in eighty-eight of which federal inspection was approved. Procedure in the conduct of these referenda is relatively simple.¹ The proposal to designate a particular market or group of markets for federal inspection is made by the Department of Agriculture, as a rule only after the service has been requested by local growers and an investigation has been made. The referendum which follows is conducted by the Agricultural Marketing Service, which prepares notices of the time, place, and purpose of the referendum and distributes them through its district offices to postmasters,

newspapers, county agents, warehousemen, and agricultural teachers. The district offices distribute the ballots by mail to farmers whose names have been secured from the records of local warehousemen for the preceding year. A supply of ballots is also sent to each county agent, from whom they may be secured by the growers.

As a rule the voting extends over a period of several days. The growers to whom ballots are mailed are instructed to mark, sign, and return them to their county agent or mail them to a given address. All others who are eligible to cast a ballot may vote in person at the county agent's office. Even if the referendum is for the purpose of designating a group of markets for federal inspection, a grower who sells his tobacco at several markets is entitled to only one vote. At the expiration of the voting period all marked ballots are returned to the district office of the Marketing Service, where they are examined to verify the eligibility of voters and where the results are tabulated and certified to the Department of Agriculture in Washington.

2. *Marketing agreements.* A second field in which the referendum is found is in connection with the approval of agricultural marketing agreements. This use of the referendum is authorized by an act of 1937 (50 Stat. 246), which requires that federal orders regulating the handling of specified agricultural products in interstate or foreign commerce shall be approved by the producers of the commodities involved. The Agricultural Adjustment Act of 1933 had previously authorized the Secretary of Agriculture to enter into marketing agreements with the handlers of specified agricultural products and to issue licenses to put these agreements into effect. In 1935 the law was amended to provide for the use of orders instead of licenses. At the same time it was provided that no order could be put into effect unless it was approved either by two-thirds of the producers, or by the producers of two-thirds of the commodity, and, except with the consent of the President, unless the marketing

¹ See *Rules and Regulations of the Secretary of Agriculture under the Tobacco Inspection Act of August 23, 1935*, p. 5.

agreement upon which the order was based was approved by the handlers of at least one-half of the product.¹ The act of 1937 reenacted these provisions and, in addition, authorized the use of the referendum as a means of determining producer approval or disapproval of all orders.

There are approximately fifty marketing agreement programs in effect at the present time, a majority of which are regional agreements relating to the marketing of milk.² The number of referenda which have been held is considerably larger, however, due to the fact that in practice not only the original orders, but also subsequent amendments to them, are submitted to the producers for their approval. Marketing agreement programs are usually initiated by a request from either the handlers or the producers of a commodity, the request coming most often from a producers' cooperative. Public hearings are then held at which evidence is collected for use in drafting the agreement. The agreement in turn is submitted to the handlers for their approval and becomes binding upon those who sign it when promulgated by the Secretary of Agriculture. In order to make the program applicable to all handlers, however, it is usually necessary for the agreement to be supplemented by an order which regulates the handling of the commodity in the same manner as does the agreement. As indicated above, the order does not become effective unless it is approved by two-thirds of the producers by number or volume of the commodity and unless the agreement is approved by the handlers of one-half of the product. In the event that the agreement is rejected, the order can nevertheless be put into effect with the approval of the producers and the consent of the President.

The type of referendum is determined by

¹ In the case of California citrus fruits, the order has to be approved by 75 per cent of the producers, and the agreement by the handlers of 80 per cent of the fruit.

² For the list of agreements which were in effect in 1940, see the *Report of the Administrative Official in Charge of Surplus Removal and Marketing Agreement Programs*, 1940, pp. 17, 22.

the Surplus Marketing Administration, which administers the entire program. In a majority of cases the voting has been by mail, the ballots being prepared and distributed by a referendum agent appointed by the Secretary of Agriculture. This is the usual method where the producers' cooperatives have voted for their members. In other instances polling places have been established at which all the voting took place. In the Boston milk area referendum of July, 1937, for example, sixty-two polling places were established throughout the Boston milkshed, which included portions of at least five states. The voting was supervised by members of the various state extension services and by county agents in the area.

Producers who are eligible to vote in any fruit and vegetable referendum include only those who marketed their products in the area during the preceding year. In the case of the milk marketing agreements it is customary to establish a representative period for eligibility. In the New York milk order referendum of February 17, 1941, for example, the producers who were eligible to vote were "those who, during the month of November, 1940, delivered milk to a handler's plant which was approved for the sale of milk by any health authority in the marketing area." The names of eligible voters are secured through the various marketing associations and from the records of handlers.

3. *Soil conservation.* A third agricultural activity in which the referendum is used is soil conservation. The authority for its use in this field is derived from state laws which have been passed upon the recommendation of the Soil Conservation Service of the Department of Agriculture. The Soil Conservation Act of 1935 (49 Stat. 163) imposed upon the Secretary of Agriculture the duty of coordinating and directing soil erosion work in the various states and authorized him to "enter into agreements with, or to furnish financial or other aid to, any agency, governmental or otherwise, or any person, subject to such conditions as he may deem

necessary. . . ." The act further allowed the Secretary to require as a condition to the granting of any benefits the enactment of complementary state and local legislation. At the request of representatives of a number of the states the Department prepared and recommended for adoption a Standard State Soil Conservation Districts Law. This law has now been adopted with some modifications by forty-two states.

The standard act provides for the establishment of a state soil conservation committee and authorizes it to create soil conservation districts upon the petition of twenty-five occupiers of land. Before any petition can be granted, however, the state committee must conduct a public hearing, upon the basis of which it decides whether "there is need, in the interest of the public health, safety, and welfare" for such a district. If the decision is in the affirmative, a referendum must be held upon the question of creating it. An affirmative vote is only advisory, however, since the state committee must still decide whether the formation of the district is "administratively practicable and feasible." A referendum is also required before land-use regulations can be put into effect by the district supervisors and before a district can be discontinued.

The referendum is authorized by the laws of forty states, and as of August 15, 1941, it had been used 695 times. Since it is provided for by state rather than federal law, procedures differ to some extent. However the Soil Conservation Service, which administers the act of 1935, has prepared in cooperation with the Solicitor's Office of the Department a memorandum relating to the conduct of referenda which it has sent to all state committees for their guidance.¹ The extent to which the suggested procedure is followed cannot be stated with certainty but the indications are that it is widely used. It is this procedure which will be briefly described.

¹ U.S. Department of Agriculture, Office of the Solicitor, *Regulations for the Conduct of Hearings, Referenda, and Elections Under the Standard State Soil Conservation Districts Law* (mimeographed, Feb. 17, 1939).

The state soil conservation committee fixes the date of the referendum, provides for the location of polling places within the proposed district, and defines the area to be served by each. It also designates a polling superintendent to supervise the conduct of the referendum in the district and a polling board of three members to be in charge of voting at each polling place. A voter must cast his ballot in person unless he requests an absentee ballot, which must be returned to the polling superintendent at least three days before the referendum. Returns from each polling place are made to the superintendent and to the state committee and are canvassed by the latter. Although the standard act provides that all occupiers of land located in the proposed district shall be eligible to vote, the laws of twenty-eight states restrict the privilege to owners. The remainder allow both owners and occupiers to vote.

4. *Production control.* The fourth field of agricultural activity in which the referendum has been employed is that of production control. Although no longer used in this field, it is here that procedures were first worked out which are used at the present time in determining farmer opinion on the establishment of marketing quotas. As indicated in Table 1 below, between 1934 and 1938 seven nation-wide production control referenda were conducted. Two of these were held under authority of acts of Congress, while the others, although not authorized by law, were part of an administrative plan to adapt the farm program to the wishes of the farmers themselves. One of the referenda which was authorized by law was held under authority of the Kerr-Smith Tobacco Act of 1934, and the second under the Bankhead Cotton Act of the same year.

Both the Kerr-Smith and the Bankhead laws were enacted for the purpose of supplementing the crop control provisions of the Agricultural Adjustment Act of 1933. Under the last-named law the Secretary of Agriculture was authorized to enter into

contracts with individual farmers for reduction in the acreage devoted to certain basic crops, in return for which they were to receive benefit payments to be derived from the processing tax which was imposed by the act. Because of the fact that there was no way to compel the farmers of the country to cooperate other than through the denial or withdrawal of benefits, the acts of 1934 were passed as a means of forcing compliance on the part of tobacco and cotton farmers. Both the Kerr-Smith and Bankhead acts provided for the imposition of a tax upon tobacco and cotton respectively which was sold or ginned during the 1934-35 crop year, but authorized the Secretary of Agriculture to issue tax payment warrants covering the crop which was grown by the farmers who had signed contracts. Each act provided further that its provisions might be made applicable to the 1935-36 crop year if the Secretary found that its continuance was favored, in the case of tobacco, by "the persons who own, rent, share crop, or control three-fourths of the land," and in the case of cotton, by "two-thirds of the persons who have the legal or equitable right [i.e. of production] as owner, tenant, sharecropper, or otherwise."

Balloting in the tobacco and cotton referenda, both of which were held under the supervision of county production control associations throughout the country in December, 1934, was on the question of whether the tax imposed by the Kerr-Smith and Bankhead acts respectively should be collected during the next crop year.¹ Voting in the former was, in accordance with the provisions of the law, conducted on an acreage basis. Each grower was entitled to vote his "base tobacco acreage," this being the amount of land which had been allotted to him under his AAA contract. In the case of growers who had not signed contracts, the acreage was determined by using the method which was provided in the con-

tracts. One or more voting places were established in each county, and notices of the time and place at which ballots might be cast were mailed to farmers whose addresses were available. All persons who had not voted within a specified number of days were mailed voting cards, which they could sign and return by mail or leave unsigned and return in person to the county agent's office.

Procedure in the cotton referendum was somewhat different. The voting all took place on one day at approximately eight thousand polling places throughout the South. Since it was not conducted on an acreage basis, the votes did not have to be related to individual acreage allotments. Finally, a two-thirds instead of a three-fourths majority was required for approval.

With one exception the remaining production control referenda were held on the question of continuing the AAA program as it applied to particular agricultural commodities. Referenda on the continuation of the corn-hog program were conducted in October, 1934, and October, 1935; on the wheat program in May, 1935; and on the tobacco program, in June-July, 1935. Although all were held under the general direction of the Agricultural Adjustment Administration, procedures were by no means uniform. The vote in the first corn-hog referendum was taken by written ballot at the close of community meetings throughout the country. In the second corn-hog, as well as the wheat referendum, polling places were established at which the farmers voted in person by secret ballot. In the tobacco referendum the ballots were distributed to the growers when their acreage compliance was checked. They could be returned by mail if signed; otherwise they had to be returned in person to the county agent's office.

After the production control and processing tax provisions of the Agricultural Adjustment Act of 1933 were declared unconstitutional, no more production control referenda were held for the commodities to which it had applied. The only other refer-

¹ There was in reality a separate referendum for each type of tobacco. These referenda extended over a period from Dec. 15, 1934, to Feb. 15, 1935.

endum of this type was for commercial potato growers in October, 1937. The question involved was whether special provisions should be included in the agricultural conservation program for 1938 which would tend toward acreage stabilization for potatoes. At the same time, but on a separate ballot, the growers voted also on the question of whether an order should be issued to make potato-marketing agreements binding upon all handlers. The balloting, which continued over a period of almost two weeks, was in some instances by mail and in others at designated polling places.

5. *Marketing quotas.* The fifth purpose for which the referendum has been used is to secure farmer approval with respect to the establishment of marketing quotas under the Agricultural Adjustment Act of 1938 (52 Stat. 31). Before describing its use in this field it is well to recall that after the collapse of the crop control program which had been instituted under the original AAA, Congress passed what is known as the Soil Conservation and Domestic Allotment Act (49 Stat. 1148). This act, passed in 1936, inaugurated a plan of voluntary action, under which the Secretary of Agriculture was authorized to make payments to farmers who cooperated with him in a program of soil conservation and restoration by reducing their production of certain crops of a soil-depleting nature and by carrying out certain approved farming practices.

Under this law, which is still in effect, the Secretary of Agriculture is empowered to establish a national acreage allotment for each commodity named in the law. This represents the number of acres which at average yields will produce enough so that with the carry-over the volume of the commodity in any year will be sufficient for average domestic consumption and average exports, plus a certain per cent reserve. After the national allotment is determined it is apportioned among the states, counties, and individual farms on the basis of the average acreage or production during the past five to ten years. No farmer can be com-

pelled, however, to plant only the acreage which is allotted to his farm, and many do in fact exceed their allotment, although in knowingly doing so they forfeit their right to receive benefit payments.

The act of 1936 was supplemented by the Agricultural Adjustment Act of 1938, which provides that whenever the Secretary of Agriculture finds that despite acreage allotments the total supply of corn, cotton, peanuts, rice, tobacco, or wheat for any marketing year will exceed the normal supply, including that which is exported, by more than a specified percentage, a national marketing quota for that year shall be proclaimed. This quota represents the total quantity of the commodity which can be marketed during the year without penalty. The farmers who have cooperated in the acreage allotment program are allowed to market all that they produce. On the other hand, the farmers who have overplanted their allotment can market without penalty only what they produce on their allotted acreage. Before any marketing quota can go into effect, however, a referendum must be held among the farmers who are producers of the commodity. If opposition is expressed by as many as one-third of those who vote, the quota cannot be made effective.

During the three and a half years that the act of 1938 has been in effect nineteen marketing quota referenda have been held, in fifteen of which the vote was favorable.¹ In all of them a more or less uniform procedure was followed, which was set forth in instructions issued by the Agricultural Adjustment Administration. The general conduct of the referendum in each state is under the supervision of a state agricultural conservation committee, which acts through a local committee in each county. The county committees are responsible for the designation of polling places and for publicizing their location, the day and hours of voting, and the rules governing eligibility to vote. They also appoint three farmers in

¹ See Table 1, page 22. Another cotton referendum was held in December, 1941.

each community who are eligible to vote in the referendum and who are local residents as members of a community referendum committee. The county committees also instruct the community committees regarding their duties, see that suitable ballot boxes are provided, and prepare a register of eligible voters. The community committees are in charge of the local polling places. They are required to hold the referendum "in an unbiased and fair manner" and to see that secrecy in voting is maintained.

The persons who are eligible to vote in any referendum are the farmers who are engaged in the production of the commodity for marketing purposes in the current year and who are entitled to share in the proceeds of the crop "as owner, landlord (other than a landlord of a standing-rent or fixed-rent tenant), tenant or sharecropper." Different standards are set for the determination of what constitutes production for marketing purposes. In the wheat referendum of 1941, for example, no farmer could vote unless the normal production of his acreage was at least two hundred bushels. In the peanut referendum of the same year a ballot could be cast by every farmer whose crop was picked and threshed by mechanical means. Only one vote is allowed regardless of the amount produced or the number of farms which are operated. Absentee voting is allowed, but voting by proxy or agent is not.

Preparation of the list of eligible voters is, as noted above, the duty of the county agricultural conservation committee. In practice it is often prepared by the county agent, who is an ex officio member of the committee and may serve as its secretary. It includes the names not only of those who have cooperated in the agricultural conservation program inaugurated under the act of 1936 but also the names of noncooperators as well. As a rule the vote is on the single question of whether marketing quotas are favored for a commodity during the next marketing year. In the tobacco referendum of 1940, however, the vote was

also on the question of establishing quotas for a three-year period, and in the peanut referendum of 1941 it related only to the establishment of three-year quotas.

Patterns of Voting

IN THE foregoing paragraphs an effort has been made to state the purposes and describe the procedures involved in the use of the referendum in each of the fields in which it has been employed. Upon this basis it is possible to make some comparisons and to discuss the principal aspects of its use as a device for the control of agricultural administration.

In the four fields in which the referendum is employed at the present time its use is compulsory except for the creation of soil conservation districts in a few of the states. The result is also binding if the vote is unfavorable. On the other hand, a favorable vote is not legally binding except as respects the establishment of marketing quotas, since in this field only is it the sole requirement for making effective administrative action which has already been taken at the time the referendum is held. In the field of marketing agreements the balloting is on the question of whether the provisions of an agreement which has been tentatively approved by an administrative authority shall be put into effect, but an affirmative vote on the part of the producers is not the only requirement for effectiveness. The order must also be approved by the handlers or, failing that, by the President. On the other hand, the question involved in the tobacco inspection and soil conservation referenda is whether proposed administrative action shall be taken or not. In the former, however, the proposal comes from an administrative authority and so the result of the referendum is naturally considered to be binding upon it. In the latter the proposal is made by the farmers, and a favorable vote is not binding upon the authorities to whom the petition is addressed.

In every instance where the referendum was held under authority of federal law, it

has been conducted by persons other than the regular state and local election officials. Even in the soil conservation referenda, which are held under authority of state law, there are only two states which have made any use of these officials. On the other hand, the county agents have played a very important part in referendum administration. This is particularly true of the marketing quota referenda where, as members of the county agricultural conservation committees, they have performed many of the duties which are assigned to those bodies.

As has already been noted, the methods by which the voting takes place are not uniform. In some instances the balloting has been entirely by mail; in some, entirely at designated polling places; and in some, both methods have been used. Even though voting in person is the only method which is prescribed, an exception is usually made for the absentee voter. In every case the only persons who are eligible to cast a ballot are the farmers themselves. All of the referenda are therefore primarily functional in character, although in every case it is necessary to establish territorial limits within which the voting is to take place. In some instances these limits are established by the law, as in the case of the tobacco inspection and soil conservation referenda; in others, such as those in the marketing quota field, they are administratively determined upon the basis of the number of producers in a particular state or county.

The form of the ballot is always simple. In the wheat referendum of 1941, for example, all that the voter had to do was to place an "X" in one square if he favored marketing quotas and in another square if he was opposed. Voting is secret only when it takes place at designated polling places. Ballots in the tobacco inspection and marketing agreement referenda which are returned by mail are required to be signed in order to establish the eligibility of the voter.

In some of the early production control referenda brief explanatory statements were put on the ballot. In the tobacco referen-

dum of July, 1935, for example, an outline of the principal features which were under consideration for incorporation in a new adjustment program was printed on the back of the ballot. The ballots in the cotton referendum of 1934 also carried a brief statement in explanation of what was meant by continuance of the Bankhead Act. In addition, each voter received with his ballot a statement by Secretary Wallace in which he was urged to "examine carefully all the facts and reach a decision based upon considered judgment as to whether the Bankhead Act is needed to assure attainment of the objectives of the cotton adjustment program." In the corn-hog referendum of October, 1934, this additional question was asked, "Do you favor a one-contract-per-farm adjustment program dealing with grains and livestock to become effective in 1936?"

Except in the soil conservation referenda the requirement for approval is commonly a two-thirds majority of those who vote. In the marketing agreement referenda, however, approval may be either by a two-thirds majority of the voters or by the producers of two-thirds of the commodity. Despite the requirement of an extraordinary majority there have been relatively few rejections.

The question naturally arises as to why the electorate should be restricted to farmer-producers in the case of the agricultural referendum. It is obvious that in providing for the referendum the legislative body was not "passing the buck" to the farmers so far as responsibility for the legislation is concerned. On the contrary, the referendum as used under the first AAA was part of an administrative plan formulated for the purpose of adapting the farm programs to the wishes of the farmers themselves. This plan had both a theoretical and a practical justification. To the charge that the AAA was regimenting the farmers by "compulsion from above," Secretary Wallace replied, "... the adjustment of farm production under Federal guidance involves not regimentation but merely social discipline. . . .

The farm program looks toward an economic democracy thoroughly in harmony with our political democracy."¹ From the theoretical point of view, therefore, the referendum was to be an instrument for the promotion of economic self-government in agriculture.

A more practical reason for the adoption of this new technique was that the success of the AAA programs depended at the outset to a large degree upon their acceptance by the groups to whom they applied. Coercion of the farmers was not desirable until it was ascertained that they were willing to be coerced. As Secretary Wallace expressed it, "The Agricultural Adjustment Administration preferred to keep all programs essentially voluntary. It is unnecessary to coerce small minorities, and difficult to coerce large ones."²

To those who maintained that nonfarmers as well as farmers should be entitled to vote in the marketing quota referenda, since the decision might affect prices, Secretary Wallace replied:

This would be true were the restrictions likely to create shortages. They can never do that. The national crop goals provide for abundance. They call for the production of plenty for domestic requirements and for export trade and carry-overs as well. Not until the granaries overflow may farmers invoke the quota principle for the limitation of excessive marketing supplies. Only as a last resort, through a two-thirds majority vote, may the farmers claim this protection. There is no consumer interest in jeopardy or even in question. As a matter of fact, the situations in which the quota principle may be invoked give the consumer a temporary advantage. Farmers cannot injure consumers by utilizing the marketing-control sections of the Agricultural Adjustment Act, though conceivably they may injure consumers by not doing so. As already indicated, consumers as well as farmers have an interest in the control of surpluses. It is entirely democratic to take marketing referenda among farmers only, because the situation itself as well as the enabling legislation amply protects the consumer.³

¹ *Report of the Secretary of Agriculture, 1934*, pp. 7, 8. On the origins of the referendum idea, see M. L. Wilson, *Farm Relief and the Domestic Allotment Plan* (University of Minnesota Press, 1933).

² *Report of the Secretary of Agriculture, 1934*, p. 9.

³ *Ibid.*, 1938, p. 30.

The restriction of the electorate to farmer-producers in the other types of referenda was due to essentially the same considerations. All of the activities to which the idea was applied were new, involving in some cases departures from past practices and necessitating as a result abandonment of former theories of the relationship of government to agriculture. The referendum was to be the means by which social cooperation among the farmers could be promoted without resort to the use of force in the administration of the laws.

Ratifications

AS ALREADY pointed out, referendum proposals are very infrequently rejected by the voters. There are a number of reasons which help to explain the high percentage of ratifications.

(1) Tobacco inspection, marketing agreement, and soil conservation programs are commonly requested by the farmers themselves. Before a referendum is ordered an investigation is conducted or a public hearing is held, the result of which indicates the attitude of the groups entitled to participate in the referendum. Even if proposals are made without regard to their chances for approval, the investigation or the hearing will probably reveal this fact and act as a barrier to their future consideration.

(2) Furthermore, in the tobacco inspection field a mandatory service adopted as a result of a favorable referendum vote is often preceded by a period of optional inspection during which the farmers acquire experience with the federal service on a limited and permissive basis. In like manner, the Soil Conservation Service carries on extensive demonstration projects before as well as after the establishment of districts. In 1940 it reported a total of 992 work units, exclusive of districts, located in forty-seven states. Work of this nature familiarizes farmers with what the government is willing to do and helps to build up sentiment for the adoption of a cooperative program.

(3) The situation, however, is different

with respect to the establishment of marketing quotas. They are not requested by the farmers but are proclaimed by the Secretary of Agriculture whenever he finds that the supply of one of the specified commodities will be excessive at the beginning of the next marketing year. In this field the referendum is preceded by an "educational campaign," the impetus for which comes from the Department of Agriculture. Three phases of the campaign may be distinguished. The first is the series of meetings—regional (several states), district (several counties), and county—at which state, county, and community committeemen respectively are brought together for instructional purposes. Representatives of the Agricultural Adjustment Administration attend the regional and district meetings, explain the situation which makes necessary the proclamation of marketing quotas, and instruct the committeemen with respect to their duties in connection with the forthcoming referendum. The county agent, who usually attends the district meeting, or the chairman of the county committee then calls the community committeemen together and gives them their instructions.

The second phase of the campaign is the community meetings which are held throughout the country under the auspices of the county committees. They are called primarily for discussion purposes and are said on the whole to be well attended by the farmers.

The third phase is the dissemination of information by the Agricultural Adjustment Administration itself. Material goes out from Washington in the form of press releases, pamphlets, charts, news stories for extension editors and county papers, suggested letters for county agents to send to farmers, radio addresses, etc. Most of this material is sent to the various state AAA offices, where it is used for campaign purposes in the state. An extension editor of Oklahoma thus described the manner in which the cotton and tobacco referenda of 1938 were publicized:

Each week following the Washington meeting our state Triple A administrator was interviewed informally on our radio program concerning the referendum. County agents were supplied stories each week to supply to their local newspapers, and our weekly press release also carried a weekly story on this. In addition, several special stories were sent out. The circular letter suggestion . . . was mailed to all county agents, and I believe quite a number used them in circular letters to their farmers. Material was sent out in our syndicated radio material to about nine cooperating radio stations in Oklahoma. Every day during the week of the referendum a short spot announcement similar to the one used on the National Farm and Home Hour was read on our program. County and community educational meetings were held in every county concerned following regional, state, and district meetings.¹

(4) Another factor which has sometimes influenced the results in the marketing quota referenda is the fact that if any quota for corn, cotton, wheat, or rice is rejected no loan on that commodity can be made during the period from the date on which the results of the referendum are proclaimed until the beginning of the second succeeding marketing year.² The law authorizes the Commodity Credit Corporation to make loans on agricultural commodities upon the recommendation of the Secretary of Agriculture and the approval of the President. The loan rate is a certain percentage of the parity price of the product, varying during the years 1938-1940 from 52 to 75 per cent.³ The purpose of these loans is to support prices and thus to raise the purchasing power of the farmers. Since no loan on these commodities has been possible unless a marketing quota was accepted, the voters in these referenda have

¹ Quoted from Carl F. Taeusch, *Report to the Administrator, A.A.A. on the Cotton and Tobacco Referenda* (mimeographed, May 4, 1938), p. 25.

² 52 Stat. 31 (1938), Sec. 302 (g). This provision, which was not applicable to tobacco during the years 1938-40, was extended to it in 1941, Public No. 74, 77th Congress.

³ Parity price is defined in the law as that price "which will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity" during the period from August, 1909, to July, 1914. In the case of tobacco the period is from August, 1919, to July, 1929, 52 Stat. 31, Sec. 301 (a). The loan rate was increased to 85 per cent in 1941.

in effect balloted also on the question of whether or not they wanted loans to be made available for the next marketing year.

The extent to which referendum results have been affected by the fact that loans on certain commodities are contingent upon a favorable vote is not altogether clear. Figures on the parity and market prices as well as the loan rate for each commodity during the preceding marketing year would have to be correlated before this factor could be evaluated with any degree of satisfaction. A low market price with a correspondingly high parity price and loan rate would undoubtedly increase the number of affirmative votes, while an opposite situation might have a contrary effect.

(5) It should be borne in mind, however, that loans do not represent the only monetary reward which is involved. Farmers who cooperate in the soil conservation program receive both conservation and price adjustment payments. In 1941 these amounted to 2.75 cents per pound for cotton, 18 cents per bushel for wheat, and an average of approximately 1.5 cents per pound for all types of tobacco. If quotas are in effect they are of course also eligible for loans. Non-cooperating farmers, on the other hand, not only receive no such payments but, if quotas are in effect, are penalized on the basis of the extent of their overproduction. In the case of wheat, for example, the penalty is 50 per cent of the basic loan rate to cooperators and is paid on what is known as the "farm marketing excess." The total inducement for the farmers who go along with the program through both the soil conservation and marketing quota stages, provided of course that the quota is adopted, is the sum of the benefit payments and the loan. Since in 1941 loans on tobacco, as well as on corn, cotton, rice, and wheat, were made contingent upon the approval of quotas, and the loan rate was increased to and made mandatory on 1941 crops at 85 per cent, it seems clear that so far as the law is concerned a strong inducement is now offered the farmers to vote affirmatively in any referendum

which involves the marketing of these products.

(6) The farmers have an inducement to cast an affirmative vote not only in the marketing quota field but in the other types of referenda as well. Prior to 1935 a tobacco inspection service had been established at many auction markets either on a voluntary basis or as a result of mandatory state legislation, the cost being borne in most cases by the growers themselves. Under the act of 1935 the farmers are offered a free inspection and grading service and in addition are furnished without cost daily and weekly price reports. Since studies of actual sales indicate that from 10 to 20 per cent of the tobacco which is sold without prior inspection and grading is allowed to go at prices materially below its current value, it is obvious that the farmer has much to gain and nothing to lose from an acceptance of the federal offer.

(7) In the marketing agreement referenda the producers are in effect voting upon the question whether or not they want to supplement their individual or cooperative efforts to regulate supplies and prices with compulsory government control over the handlers of their products. In the case of fruits and vegetables, the problem is primarily one of adjusting shipments to current market demands as a means of stabilizing prices; in the case of milk, it is essentially stabilization of marketing conditions through the fixing of minimum prices which must be paid by the handlers. Experience has shown that neither of these objectives can be attained through cooperative action on the part of the farmers themselves. There is always a minority which is not willing to cooperate and which can defeat the purposes of any efforts that are made. The adoption of a federal program means higher prices and a better distribution of returns; in the case of milk, a guaranteed minimum price and assurance of full payment according to the use made of the product.

(8) The farmers' inducement for voting in favor of the establishment of soil conser-

vation districts is federal and other assistance in the carrying on of a local soil improvement program. Federal assistance may take any or all of the following forms: (1) supplying a district conservationist and other technical assistants, (2) furnishing Civilian Conservation Corps labor and materials, and (3) lending Soil Conservation Service field equipment and supplies.¹ In the earlier years of the program these benefits are said in some instances to have been promised as a means of getting the farmers to petition for the creation of a district; in more recent years there has apparently been only the hope that they could be secured.

(9) In the marketing agreement referenda the cooperatives are sometimes enthusiastic supporters of federal action. An outstanding example is the vigorous campaign in behalf of the adoption of the New York milk marketing agreement of 1938 which was waged by the two leading cooperatives, the Dairymen's League Cooperative Association and the Metropolitan Cooperative Milk Producers Bargaining Agency, Incorporated. Both organizations published papers in support of the order, which were sent to milk producers throughout the area. The Agency alone reported expenditures in the campaign of more than \$108,000.

(10) In the referenda on the amendment of marketing orders freedom of choice on the part of producers is limited by the fact that they must approve those amendments which the Department of Agriculture regards as vital or else lose all the benefits derived from the existing federal program. An interesting case in which this fact was forcefully brought to the attention of the voters was in connection with certain amendments which were proposed in the milk marketing order for the New York

metropolitan area. A referendum was held on December 21, 1940, in which the affirmative vote was slightly below 60 per cent. A few days later the Secretary of Agriculture announced in a press release of December 27th that a second referendum would be held "because of evidence that many producers in the New York milkshed did not realize that the Federal order regulating the handling of milk in the New York market would have to be suspended if the amendments to the order were not approved by at least two-thirds of the producers." Continuing, the Secretary said, "It is an established policy of the Department of Agriculture to suspend an order in instances where the producers in a referendum have failed to approve proposed vital amendments. There are both legal and administrative reasons that make such a policy necessary. . . . It is not the policy of the Department of Agriculture to dictate how the milk producers in the New York milkshed are to vote. But to make an intelligent choice, the producers must know what follows if the proposed amendments are approved and what follows if they are rejected."

The existing order was accordingly suspended and a second referendum held on February 17, 1941. The vote at that time was 99.05 per cent in favor of the amendments. Of the 46,857 affirmative votes, however, 20,414 were cast under protest by the Dairymen's League Cooperative Association, which voted for its members. The Association, which had previously secured an injunction prohibiting the conduct of the referendum in such a manner as to coerce either the cooperatives or the producers, now sought a declaratory judgment against the Secretary of Agriculture on the ground that the suspension of the existing order constituted coercion of the voters in the second referendum.

The Association also maintained that the producers should have been allowed to vote separately on what were said to be a series of amendments rather than on a single amendment as offered. In support of the

¹ See U. S. Department of Agriculture, Soil Conservation Service, *Principles and Procedures for Soil Conservation Service Assisting Soil Conservation Districts*, Sept. 25, 1940, pp. 5-8; see also *A Statement by the Secretary of Agriculture Concerning Departmental Cooperation with Soil Conservation Districts*, Sept. 21, 1940.

charge that pressure had been brought upon both individual producers and cooperatives, it cited a press release issued by the Commissioner of Agriculture of New York in which a vote for the amendments had been urged partly on the ground that suspension of the existing order "would be a calamity to the dairy industry, a tragic disaster to the thousands of men and women dependent upon milk for their livelihood, and an economic catastrophe of the first magnitude to the State at large." The court held, however, that no coercion was involved since the producers had been free to decide whether they wanted the existing order suspended or retained in effect with the amendments.¹

A few words ought to be said with respect to the noncooperating farmers. As already noted, they are allowed to vote in all the marketing quota referenda. Since they are the ones who have overplanted their allotment, it is probably true that they constitute the nucleus of the opposition to the establishment of quotas. It is they who, if the referendum vote is favorable, will have to pay the penalties which are provided in the law. On the other hand, the referendum furnishes a means by which cooperating farmers can in effect transform a program which up to this point has been entirely voluntary in character into one which is compulsory not only upon them but upon the noncooperators as well.²

¹ *Dairymen's League Cooperative Association v. Wickard*, U. S. District Court for the District of Columbia, Civil Action No. 9590 (July 10, 1941).

² The four marketing quota referenda in which the results were adverse were all held in December, 1938. The adverse vote is explained partly in terms of the favorable prices which prevailed during the preceding year and partly in terms of dissatisfaction with the procedure which was followed in the tobacco referenda of the preceding spring. These earlier referenda had been held within a few weeks after the passage of the Agricultural Adjustment Act and before the national marketing quotas had been apportioned among the states, counties, or individual farms. Although the balloting took place in March and April, it was late in July and almost time for the opening of the auction markets before the producers were informed regarding their individual allotments. Because of the fact that yields were good, the allotments seemed low. Penalties collected on that part of the crop which was marketed in excess of the quotas totaled nearly a million dollars. The farmers were dissatisfied, and in this frame of mind

The evidence, therefore, indicates a variety of reasons for the large number of ratifications quite apart from the affirmative character of the educational campaigns of the Department of Agriculture, to which attention is directed in later paragraphs. The situation may be summarized broadly by saying that in many instances a referendum is not authorized unless there is a reasonable assurance of success (tobacco inspection, marketing agreement, soil conservation referenda); while in others substantial monetary or other rewards attend an affirmative vote (marketing quota loans, free inspection and grading service, technical advice, and the like).

Extent of Voting

IT MIGHT be assumed, because the voters in all the referenda have a direct interest in the outcome, that the extent of participation would be relatively high. Such does not appear to be the case, however, except perhaps in the production control and marketing quota referenda. Although figures are not available for the other types, the percentage of eligible farmers who actually voted is said to be low. The principal exception is found in those marketing agreement referenda in which the cooperatives voted for their members.

The following table (Table 1) brings together the official results in all the referenda which have been conducted in connection with the AAA program. Although the figures in column three represent only an approximation of the number of persons who

rejected the quotas which were proclaimed in December, 1938, for the 1939 crop. At the same time a rice marketing quota was also rejected but the quota for cotton was approved. Approval of the latter, however, was by the smallest majority that has been polled in any of the five cotton referenda which have so far been held.

One result of experience in 1938 with the marketing quota referendum was the adoption of an amendment to the law, the effect of which is to permit every farmer who cooperates in the acreage allotment program to market all that he produces. So far as the cooperating farmer is concerned, subsequent referenda have therefore supplied an opportunity to vote on the question of whether or not he is satisfied with his individual allotment. By this means marketing restrictions have become in effect restrictions upon production.

were eligible to vote in each referendum, they may be taken as reasonably accurate. Some additional light is thrown upon the question of farmer participation by the figures in Table 2, in which are brought together for ten Southern states the total vote in the presidential elections of 1932, 1936, and 1940 and the cotton referenda of 1934, 1938, 1939, and 1940.

Apparently the best record of farmer participation over the entire period was made by the tobacco growers, 68 per cent of whom on an average took part in the referenda.

The average for cotton farmers, on the other hand, was approximately 53 per cent in five referenda. By comparison, approximately 70 per cent of the potential electorate voted in the presidential election of 1940. In ten southern states, however, the average was only about 35 per cent. On the whole, it would seem that the average participation in the marketing quota referenda, with the exception of cotton, was about the same as it was in presidential elections. On the other hand, there was undoubtedly a higher percentage of participation in the cotton refer-

TABLE 1. RESULTS IN AAA REFERENDA, 1934-1941

| Commodity | Date | Potential Votes | Total Votes Cast | Total "Yes" Votes | Total "No" Votes | Per Cent "Yes" Votes |
|-------------------------------|-------------------------|-----------------|----------------------|----------------------|---------------------|----------------------|
| Cotton | | | | | | |
| Bankhead Referendum | Dec. 1934 | 2,300,000 | 1,521,954 | 1,361,418 | 160,536 | 89.5 |
| Marketing Quota | Mar. 1938 | 2,300,000 | 1,527,028 | 1,406,088 | 120,940 | 92.1 |
| Marketing Quota | Dec. 1938 | 2,300,000 | 1,169,663 | 983,903 | 185,760 | 84.1 |
| Marketing Quota | Dec. 1939 | 2,300,000 | 962,273 | 877,297 | 84,976 | 91.2 |
| Marketing Quota | Dec. 1940 | 2,300,000 | 918,857 | 848,428 | 70,429 | 92.3 |
| Corn-Hogs | | | | | | |
| Production Control | Oct. 1934 | 2,000,000 | 579,716 | 389,139 | 190,577 | 67.1 |
| Production Control | Oct. 1935 | 2,000,000 | 943,982 | 816,891 | 127,091 | 86.5 |
| Peanuts | | | | | | |
| Marketing Quota | Apr. 1941 ^a | 270,000 | 73,850 | 64,462 | 9,388 | 87.3 |
| Rice | | | | | | |
| Marketing Quota | Dec. 1938 | 11,000 | 7,890 | 3,806 | 4,084 | 48.2 |
| Tobacco | | | | | | |
| Kerr-Smith Referendum | Dec. 1934- Feb. 1935 | 625,000 | 398,867 ^b | 374,973 ^b | 23,894 ^b | 94.0 ^b |
| Program Continuance | June-July 1935 | 625,000 | 377,271 | 360,804 | 16,467 | 95.6 |
| Marketing Quota | | | | | | |
| Flue-cured | Mar. 1938 | 300,000 | 255,095 | 219,842 | 35,253 | 86.2 |
| Fire-cured and dark air-cured | Mar. 1938 | 75,000 | 48,788 | 39,328 | 9,460 | 80.6 |
| Burley | Apr. 1938 | 250,000 | 177,078 | 154,208 | 22,870 | 87.1 |
| Flue-cured | Dec. 1938 | 300,000 | 233,393 | 132,460 | 100,933 | 56.8 |
| Fire-cured and dark air-cured | Dec. 1938 | 75,000 | 43,736 | 26,419 | 17,317 | 60.4 |
| Burley | Dec. 1938 | 250,000 | 217,339 | 129,123 | 88,216 | 59.4 |
| Flue-cured | Oct. 1939 | 300,000 | 250,671 | 225,606 | 25,065 | 90.0 |
| Burley | Nov. 1939 | 250,000 | 118,527 | 98,741 | 19,786 | 83.3 |
| Flue-cured | July 1940 | 300,000 | 203,059 | 178,434 ^c | 24,625 | 87.9 |
| Fire-cured | Nov. 1940 | 48,000 | 23,296 | 20,599 ^d | 2,697 | 88.4 |
| Dark air-cured | Nov. 1940 | 27,000 | 10,578 | 9,145 ^e | 1,433 | 86.4 |
| Burley | Nov. 1940 | 250,000 | 145,089 | 115,566 ^f | 29,523 | 79.7 |
| Wheat | | | | | | |
| Production Control | May 1935 | 750,000 | 466,720 | 404,417 | 62,303 | 86.7 |
| Marketing Quota | May 1941 | 750,000 | 599,630 | 453,569 | 106,061 | 81.0 |
| Potatoes | | | | | | |
| Acreeage Referendum | Oct. 1937 | 800,000 | 33,022 | 27,289 | 5,733 | 82.6 |

^a The referendum was on the question of establishing three-year quotas.

^b The result of the referendum was determined on an acreage basis. Acreage voting, 1,667,518; acreage voting "yes," 1,610,107; acreage voting "no," 57,411; per cent of land voting "yes," 96.6.

^c Includes 3,655 votes cast for one-year quotas.

^d Includes 490 votes cast for one-year quotas.

^e Includes 235 votes cast for one-year quotas.

^f Includes 4,521 votes cast for one-year quotas.

TABLE 2. PRESIDENTIAL AND COTTON-REFERENDUM VOTES IN TEN SOUTHERN STATES

| State | Presidential Election | | | Cotton Referendum | | | | |
|-------------|-----------------------|-----------|-----------|-------------------|--------------|--------------|--------------|--------------|
| | 1932 | 1936 | 1940 | Dec. 1934 | Mar. 1938 | Dec. 1938 | Dec. 1939 | Dec. 1940 |
| Alabama | 245,354 | 275,742 | 291,187 | 228,683 | 222,854 | 184,830 | 153,656 | 121,875 |
| Arkansas | 220,562 | 179,423 | 201,841 | 131,429 | 139,334 | 97,388 | 89,034 | 102,489 |
| Georgia | 255,590 | 293,178 | 333,567 | 146,346 | 132,978 | 112,774 | 82,909 | 70,658 |
| Louisiana | 268,934 | 329,685 | 372,197 | 108,501 | 116,173 | 82,490 | 81,492 | 67,215 |
| Mississippi | 146,034 | 162,082 | 175,630 | 211,719 | 233,788 | 180,589 | 149,298 | 164,716 |
| N. Carolina | 711,590 | 839,469 | 822,648 | 128,593 | 143,499 | 116,810 | 56,504 | 60,248 |
| Oklahoma | 704,633 | 749,740 | 826,212 | 76,854 | 52,394 | 41,912 | 49,521 | 54,556 |
| S. Carolina | 104,411 | 115,519 | 101,607 | 87,268 | 109,666 | 81,989 | 66,692 | 62,752 |
| Tennessee | 390,637 | 476,538 | 517,786 | 70,882 | 69,286 | 50,045 | 40,224 | 37,933 |
| Texas | 863,394 | 810,828 | 1,116,863 | 292,154 | 217,425 | 191,973 | 169,850 | 155,640 |
| Total | 3,911,139 | 4,262,204 | 4,762,538 | 1,482,429 | 1,437,397 | 1,140,720 | 939,189 | 898,112 |

enda than there was in presidential elections in the South.

Several instances of larger votes cast in a cotton referendum than were cast in the same state for the presidential candidates of both parties appear in Table 2. In Mississippi, for example, the cotton vote in both 1934 and 1938 was larger than the presidential vote in 1932, 1936, or 1940. The same is true of the cotton vote in South Carolina in March, 1938, as compared with the presidential vote of 1932 and 1940. There are several reasons for the high participation in Southern states. Their population is largely rural, and cotton is quite generally produced throughout most of the area. Furthermore, there are no registration, residence, literacy, poll tax, or other such requirements for voting in a referendum. In the marketing quota referenda any person who shares in the proceeds of the crop as owner, tenant, or sharecropper can vote. On the other hand, however, although all members of a family who are over twenty-one years of age are potential voters in a political election, as a rule only one member can vote in a referendum. Each member of a family can vote only when he is a party to a lease or cropping agreement or when he is a joint tenant or owner.

Although not many Negroes vote in political elections in the deep South, especially in the rural areas, they vote in large numbers in the referenda. As a matter of fact they are said to like the idea of voting, per-

haps because it is novel or because it seems to them to imply a recognition of racial equality in at least one respect. Occasionally one hears of objections on the part of white farmers, but apparently no coercion has ever been used to keep Negroes away from the polls.

The figures in Table 1 show that the number of voters in recent marketing quota referenda has been smaller than in the earlier ones. This is especially noticeable in the case of the cotton referenda, where the decline from 1934 to 1940 amounted to almost 40 per cent. The reason for the smaller vote is not clear. It may be due to improved economic conditions, to a growing feeling that the result is a foregone conclusion, or to a variety of other factors.

Role of the Department of Agriculture

IN PREVIOUS paragraphs attention was directed to the substantial benefits which appeared to influence the results in all the agricultural referenda. We may now ask whether the Department of Agriculture considers its function in connection with the conduct of those referenda over which it has control to be essentially that of an objective poll-taker, or whether it intervenes positively to induce farmers to vote in support of the specific application of a program to which the Department has already committed itself. In one case the Department would serve as an election authority; in the other, as a participant. On this point opin-

ion within the Department has not been unanimous, but practice seems to confirm the role of participant.

The right of the Department to supply information to the farmers was specifically recognized in 1933 in an amendment to the National Industrial Recovery Act which declared that "notwithstanding any provisions of existing laws, the Secretary of Agriculture may, in the administration of the Agricultural Adjustment Act, make public such information as he deems necessary in order to effectuate the purpose of such act." Although this provision was only permissive in character, it recognized a right, and perhaps also a duty, on the part of the AAA to supply the information necessary for the creation of a favorable attitude on the part of both farmers and the general public toward the policy which was embodied in the act.

At the time when this provision was adopted, however, the referendum was not in use. Its subsequent adoption was motivated in part by a desire to promote in the field of agriculture "an economic democracy thoroughly in harmony with our political democracy." The question of propriety of conduct on the part of the AAA seems to resolve itself therefore into a question of whether advocacy of a particular agricultural policy is consistent with the principle of economic self-government in agriculture. In other words, can the AAA depart from an objective attitude in its educational campaigns without at the same time abandoning the theory of the referendum as a democratic device? The early assumption, even within the AAA, seems to have been that if the referendum is to promote the major purpose for which it was created there must be objectivity in the presentation of issues. Former Administrator Tolley recognized this when he wrote his division chiefs in 1938:

Secretary Wallace and the Undersecretary look upon these referendums as an important step in developing methods which will help democracy to meet modern economic problems. If they are to

prove successful in this respect, however, they must be conducted fairly and impartially. Educational work prior to the actual voting should be objective and farmers should be given accurate information on all sides of the question at issue. This means that when the farmers cast their votes they should be informed as to the disadvantages as well as the advantages of using quotas to meet conditions existing at the time the referendum is taken. The printed material sent out by the Triple A, radio broadcasts by Administration representatives, speeches in meetings, etc., should present the issues in as unbiased a manner as possible.¹

Presumably the Administrator did not intend to deny the undoubted right of the AAA to defend itself and its policies against attack. At the same time, however, he unquestionably condemned an aggressive campaign in support of the adoption of quotas.

An analogous question is sometimes raised in connection with the conduct of the referenda by an agency which has a direct interest in the outcome. In his report to the Administrator on the cotton and tobacco referenda of March 12, 1938, Dr. Carl Taeusch posed these questions:

Can a government agency, frankly admitting its interest in the outcome, properly conduct a referendum involving its own basic policy, the legislative applications it is authorized to make, and implied economic and farm-management principles with which it may or may not agree? Can such an agency properly distribute printed information, purporting to present all sides of the issue, and permit its agents to discuss the merits of the issue over the radio and at meetings? Is an election machinery—including the selection of time and place for polling, the designation of referenda officials at the polls, and the counting and tabulating of the ballots—properly set up, when it is completely in control of the governmental agency which is interested in the outcome, and the officials of which have been actively engaged in presenting the issues prior to the referendum?²

On these points, Dr. Taeusch took the same view as that expressed by Mr. Tolley. He declared with respect to future referenda of this type that "the AAA should so scrupulously observe the principles of good government that the results of this comparatively new process will be generally accepted

¹ Taeusch, *op. cit.*, pp. 2-3.

² *Ibid.*, p. 15.

as a real expression of the electorate. The chief function of the AAA in this connection is to administer the referendum, to determine the will of the farmer electorate; and not to secure a favorable vote or to work exclusively for such a result."

But can it as a matter of fact remain neutral while its program is attacked and possibly defeated? Most of the agencies within the Department of Agriculture, including the AAA, were created to promote the interests of the farmers. In the carrying out of this purpose they are thrust by the force of circumstances into a position of leadership. It is their responsibility to see that farmers have accurate information. At the same time it is only natural that in doing so they should attempt to mold farmer opinion rather than to follow it.

Former Assistant Administrator Stedman has stated the case for bias in AAA publicity quite frankly. After pointing out that the success of the AAA program "depends very largely upon the degree to which farmers accept it and participate in it," he declared:

... the AAA is impelled by various factors to present the program fully and effectively to the farmers, and in so doing to place emphasis upon its advantages to them. For one thing, the AAA would not be honest or candid to pretend to have a neutral attitude toward its own program. Moreover, the AAA knows that no matter how good a program is it will be relatively useless unless large numbers of farmers understand what the program is and take part in it. Furthermore, each new program has usually been subjected immediately to sharp attack, sometimes led by forces having a selfish financial interest in causing it to fail. In fact, the programs that the farmers have carried on through the AAA have for 5 years withstood almost continuous assaults, constituting an opposition campaign having few parallels in the history of this country. These attacks have at times involved serious and systematic misrepresentations of facts, resulting in demands from farmers and others for accurate information.

... the information [i.e. supplied by the AAA] scrupulously undertakes not to misrepresent any facts to anyone. It is propaganda in the sense that the AAA, with full respect for the facts, still gives the farmers an extensive presentation of one course of action as being more desirable than others. The process involves picking and choosing as between sets of facts, placing more emphasis upon some

than upon others according to a judgment of their relative importance. Thus it does involve a departure from the objective attitude. It involves active support of a positive plan of cooperative action which is intended to improve the economic condition of agriculture.¹

An examination of the material which goes out from Washington reveals the fact that much of it is biased. There is a noticeable tendency to contrast recent agricultural prices under the AAA with those which prevailed prior to 1933 or with those which "will" prevail if marketing quotas are rejected. Emphasis is frequently placed upon the loss of our foreign markets and the consequent piling up of surpluses which can be controlled through the adoption of quotas. Full use was made in some of the campaigns of the fact that loans were contingent upon a favorable referendum vote. In the community meetings, which are generally regarded as the most effective form of publicity, the county agent and the local committeemen often openly endorse the establishment of marketing quotas.

Officials of the Department of Agriculture sometimes state their views quite strongly. This was true, for example, of the Secretary's reference in his radio address of February 17, 1938, to impending "disaster" if the tobacco referendum vote was adverse, and of the Administrator's statement on the following day urging farmers to cast an affirmative vote. Information of the type referred to above obviously reflects the point of view of AAA officials, and for that reason perhaps should not be criticized except on the ground, as stated by one farmer, that "I wouldn't object to all this publicity so much if their program was admittedly making a case for the government's policy—but I don't like to hear it called 'education'."²

In the other fields in which the referendum is used the attention of the farmer is often called to the benefits which he will receive if the vote is favorable. The announcement of the Burley tobacco inspec-

¹ *Agricultural Adjustment*, 1937-38, pp. 238-239.

² Tausch, *op. cit.*, p. 36.

tion referendum which was held on October 2-4, 1941, for example, enumerated several benefits which the growers would receive and then added, "There are many other advantages which may be successfully claimed for the tobacco inspection and market news service, all of which are based upon furnishing growers reliable information which they should have in marketing their tobacco." Marketing agreement publications not only explain the program but also in some cases point out its advantages to the producers. District soil conservation programs are often prepared by assisting agencies rather than by the governing bodies of the districts themselves.¹ The monthly publication of the Soil Conservation Service, *Soil Conservation*, also carries the story of this new farm movement and what it is accomplishing in various parts of the country.

In short, the Department of Agriculture has not been content to act merely as an election authority in the conduct of the referenda which are under its control. It has in fact accepted a responsibility to furnish information and leadership which would tend to produce a favorable response among farmer voters. To what extent such an official role in the conduct of the referendum may affect its theoretical justification is a question of great importance, but cannot be explored at this point.

Conclusion

BY WAY of summary, it should be repeated that the referendum as used in agricultural administration is a device adopted for

the purpose of promoting cooperation among the farmers as respects activities which the government has taken the lead in promoting. Although procedures in the various fields differ to some extent there is uniformity in the general requirement that administrative action cannot be taken without the approval of the farmer electorate. The extraordinary majority which is commonly required does not ordinarily affect the outcome. On the other hand, approval is reasonably assured in most cases because of the beneficial nature of the proposed action or because the chances for success are evaluated in advance of the election. Despite the immediate interest which the electorate has in the outcome, however, the extent of participation does not seem to be any greater than in political elections, except in the South where the Negro vote is perhaps principally responsible for the higher participation in the cotton referenda.

A responsiveness on the part of public officials to the opinion of those groups whose interests are primarily affected by the enforcement of a law is admittedly desirable. In the past agricultural opinion has for the most part been secured indirectly through contacts with representatives of farm organizations. The referendum, however, supplies a means of contact which is direct. It should therefore stimulate an attitude of greater responsiveness on the part of agricultural administrators to farm opinion. The extent to which it does this is the measure of its usefulness as an instrument for the promotion of economic self-government in agriculture.

¹ Melville H. Cohee, "Self-Governing Principles of Soil Conservation Districts," 6 *Soil Conservation* 159 (Dec. 1940).

The Real Estate Dilemma

By R. G. TUGWELL

Governor of Puerto Rico

I

ANY judgment of the efficiency of the city as an instrument must be based upon a common understanding of ends currently considered desirable. During Antiquity and the Middle Ages, the objective of the city was perhaps the physical protection of its citizens from hostile neighbors. The Renaissance cities were further developed; they were expected to meet sophisticated political and social standards; often the guild organizations had in themselves a municipal character. But after the Industrial Revolution the city's first purpose was assumed to be the protection of private enterprise; functions beyond policing were regarded with the gravest suspicion.

The metropolis, indeed, distinguished from the factory town, was until recently the shrine of the market-place spirit, of *laissez aller*. Price decisions were made there and titles to wealth passed hands. Fairs and exchanges were highly organized. The city became the speculative center of a business economy. For such purposes, it was, during the nineteenth and the first third of the twentieth century, tolerably satisfactory. It was central to large groups of unorganized consumers, it provided excellent communication facilities for negotiation, and so on. Fortunes were made and lost in real estate ventures, in franchise deals, in market manipulations, and even in rackets which were so close to certain kinds of business that the two were indistinguishable. These were the years when the interests of reformers were limited to the eradication of "graft"; and when "planners" were interested mostly in street widenings, monuments, and civic cen-

ters.¹ A mild kind of zoning and a rudimentary regulation of subdivisions were justified as part of the promotion. The unease of citizens found much of its outlet in an organized movement for the "city beautiful," one relief for troubled civic consciences.

Evidence accumulates that urban objectives are in process of being slowly, almost unconsciously, reoriented and redefined. The metropolis is evolving in the same direction as the rest of the economy, with the satisfaction of basic human wants as its professed aim; it is becoming more a center of culture, a place for working and living, than a seat of business or an opportunity for exploitation. The gradual shifting of emphasis in planning from public improvements of a monumental character to housing and recreation for the masses is symptomatic. So, also, in the sphere of municipal administration, is the emphasis on greater operating efficiency rather than on the elimination of graft. And rackets are dying out with the passing of small business.

The contemporary dilemmas of the larger city arise partly from the failure of officials to recognize present objectives and partly from public unwillingness to appraise realistically the means available for their attain-

¹ One of the authoritative proponents of this philosophy was Charles Mulford Robinson. In his book, *The Improvement of Towns and Cities*, first printed in 1901, the only reference to housing is a suggestion that "until the spirit of aesthetic renaissance descends into the slums and gives play to artistic impulse there, the conquest of beauty in the city will be incomplete." Mr. Robinson complained even of the fact that English homes of importance, although "artistic or splendid within are shabby or ugly on the outside. They give pleasure to the few who enter; but to the many who pass in the street they convey no grateful sensation."

ment. If it can be assumed that under present conditions the city must inevitably be built to satisfy the demand for an environment which will assist in the production of social income, then certain outstanding maladjustments which plague it and which cannot be corrected without fundamental alterations in its governmental framework will have to be recognized. Graft, as a major problem, is disappearing as the city's operations become important enough so that citizens are watchful. The city will function freely enough in its later economic role when citizens have completely made up their minds that they want it to do so.

There are obvious weaknesses in the urban community to which everyone is witness. The physical ones are easily observed: block after block of miserable housing, children risking their lives at games in traffic, physically inadequate schools and hospitals. And everyone knows about declining birth rates and high incidences of sickness and unemployment; and above all everyone can sense the pervading ugliness which arises from decayed areas, cheap advertising, and jerry-built structures. It is necessary, however, to consider aspects of the modern city which, though they may be less obvious, are more important in their effect on social income. There are monopolies, strategic centers of power, which are deliberately managed in such ways as to prevent the full utilization of municipal resources. Secondary evidence of their existence is common: unwarranted travel to and from work every morning and evening, excessive development of a few congested centers for business and amusement which results in wide areas of waste land, in the crowding of streets and sidewalks, in a daily wavelike movement of population within the city, in inefficient marketing and transportation arrangements, in isolated social and economic colonies, and, above all, in unemployment, poverty, and disease. Although certain of these are evidences of maladjustments which can, of course, be found

throughout the economy, they are at their worst in the modern metropolis. And the best of citizens, while he deplors these results, is apt to withhold consent for the necessary reconstruction.

The basic problem of the modern urban planner, who is concerned with the development of the city as an efficient instrument for increasing social income, is that of adjusting available urban resources to people in as effective a manner as possible; and he must pursue his solution to this problem single-mindedly even if in advance of majority consent to the particular instruments he uses. Heretofore the problem has been half concealed by rapidly increasing population and almost wholly ignored because growth seemed a sufficient excuse for inadequacies in housing, recreation, transit, schools, hospitals, and playgrounds. The percentage of the country's population living in urban communities increased from 26 per cent in 1880 to 56 per cent in 1930, and this was an increase for the cities of 380 per cent while the total population was increasing only 145 per cent. In New York City the population more than doubled every thirty years up to 1920; there was an increase of more than $33\frac{1}{3}$ per cent for each decennium after 1880. But a change occurred between 1920 and 1930 when the increase was only 23 per cent, and this lower percentage of increase was merely the beginning for between 1930 and 1940 the growth fell to 6.5 per cent. To underline the nature of this evidence there is the fact that only five of the twenty-five largest cities had a greater percentage increase: they were Washington, Houston, Los Angeles, Denver, and New Orleans—and for all of these cities there were special, and temporary, reasons for the rate of increase.

It is perhaps not being sensational to ask whether this dramatic decline indicates that the larger city is no longer necessary to society. Has the change in emphasis in the nation's economy from exploitation to the creation of social income reduced the demand for large urban centers? It may be that a point has been reached from which decline

will be permanent. It is possible also that there is a limit to the organizational ability of cities which may be compared to the limits of industrial organization.¹ It is usually said that industries expand as better controls are developed but are still restricted by the extent to which multifarious operations can be efficiently coordinated. Now that the pressure of rapidly expanding population is no longer accepted as an excuse for exploitative monopolies, is the city revealed as a mere convenience for a disappearing form of capitalism? Are cities genuinely inadequate for the production of social income? And are people drifting away from them for this reason?

We do not possess sufficient information to substantiate complete answers but certain elements in the situation are clear. Consider, for instance, the matter of space—at once important as an item of social income and a favorite medium for speculation and exploitation. When population becomes stabilized in gross number, it is more than ever necessary to encourage the stabilization of special assignments. Formerly the movement of population from a developed to an undeveloped section of the city was of less importance because newcomers were available to take the places of those who vacated.² But in recent years the conse-

quences have been all but disastrous to municipal management: new facilities in outlying areas have been provided by the city in its role as the speculator's silent partner; and existing facilities in established, central areas have in consequence fallen into partial disuse, although, because of some remaining population, they could not be abandoned. And it is of the nature of such facilities that the cost of operation is not proportional to use but falls off only slightly with decline.

Similarly, while national production was increasing rapidly, as in the first third of the twentieth century, all equipment—railroads, buildings, factories, warehouses, and machinery—could be and actually was utilized even though a portion of it was not so efficient as the rest. In the case of New York City there was such utilization of its wholesale fruit and vegetable market, much of its water front, the industrial areas which were inadequately served by direct rail connections, and whole blocks of centrally located but obsolete loft buildings. But as soon as production leveled off, the more inefficient facilities within any city naturally began to be abandoned. As national production ceased to expand, the more inefficient localities for production also suffered correspondingly. Blight began to appear as definitely as sores on a diseased body.

The analogy between national economy and city economy is exact. The city's less desirable parts have fallen into seemingly hopeless disorder and neglect. Yet—and in this the city's is an even more intense problem than the nation's—costs have not fallen correspondingly. The repair of blight, it is now seen, would be far less expensive than its tolerance if accounts revealed the true situation. And the building of new cities around the rotten core of the old ones has led to a difficult dilemma. Certain rather exhaustive investigations of the Department

¹ A study made for the New York State Commission of Housing and Regional Planning by Mr. D. H. Davenport, issued in 1926, concluded that: "In general the cost of government per family is high in the smallest units, falls sharply as the unit grows to a most economical size and then rises steadily. It is found, for example, that the total cost of all forms of government within a county increases 2.25 times with each doubling of population. An almost identical relationship between population and costs of government holds for municipal governments of towns, villages and cities in which units doubling of population increases the per capita burden 13 per cent."

It is certainly reasonable to conclude that at some stage in growth benefits derived from small size must be exceeded by costs incident to increasing size. Mr. Davenport did not attempt to develop a comparable series of figures to indicate changes in the value of cities to those who live and work in them as their size increases. Theoretically, of course, increased per capita costs might be more than balanced by increased returns, though the returns might not go to those who paid the costs.

² This is what actually happened in New York City where one wave after another of immigrants replaced

their predecessors as the latter moved out of the Lower East Side. Today the waves have disappeared. The Lower East Side has lost a considerable proportion of its population.

of City Planning (assuming uniform standards for municipal improvements such as sidewalks, curbing, water supply, schools, parks, sanitation, lighting, and police protection) indicate that, excluding transit facilities, the cost of civic improvements per person benefited ranged from \$95 for rebuilding a centrally situated community within New York City on a master block basis, 50 per cent coverage, to \$586 for providing comparable municipal facilities for a new single-family development (based on the gridiron street plan) located on unimproved land. This study showed that the construction of a new development of multi-family type, 50 per cent coverage, on unimproved land would be twice as costly as the development of a similar community on in-lying land. Whether or not funds are obtained from general taxes, fees, or assessments, the city must spend over twice as much to house persons in new areas as it would to house these same persons in centrally located, already serviced areas.

Yet the movement of population to out-lying regions continues, and the city continues to sink further into the fiscal morass which this movement creates. To the extent to which the rate of population growth has declined the inhabitants of new developments now come from older sections already fitted out with improvements.¹ The values added in the new areas can be no more—if the small per cent of increase is allowed for—than those subtracted from the old ones. This fact is concealed by the customary lagging procedures of valuation but in the long run is bound to be exposed. Real estate is something used by people; it does not, in itself, create wealth which is taxable. Taxes come out of incomes—the total annual income—of the city's population which is yielded by productive activities. For convenience they are largely attached to real property. But that is not their source.

¹ Though they may often need rehabilitation, even sometimes replacement, a contingency which was allowed for in the calculation referred to above. In any case the capital expense is not so serious as commitment to year after year of maintenance and operation.

II

WHY then does not the city put a stop to this double development of services to be paid for out of an income which does not grow? To accomplish this end two policies would need revision, the managing of public enterprises and the regulating of private ones. Why are not public housing projects, for instance, concentrated in the old slum areas where, from every social point of view, they would be most desirable? The answer is, because in-lying land is too expensive. But it is not too expensive because there exists a valid, effective demand for its more intensive use. As a matter of fact, in most larger cities this land is not being actually employed for anything but "tax-payers," rooming houses, parking areas, and junk yards. It is expensive because those who own it hope that some day it may be sold at prices which a relatively few favored business or apartment sites have actually been fortunate enough to bring. That only a small fraction of these spreading blighted areas will ever be used for such purposes makes little difference; those who own the land will maintain, if they can, the chance of a speculative killing, meanwhile exposing all other citizens to the sights and stench of decay.

Why is it that private developments are not controlled to serve the general interest? Because they will not submit to regulation in their own broad interest. The word "broad" is the clue. The more intelligent property owners hope to see general control of this sort, but they also hope that they themselves will be exempt. The expectation is that they will thus gain at the expense of their fellow-speculators.

There are several reasons why this particular kind of selfishness is hard to bring under control. For one thing real estate speculators and developers are traditionally close to government. City Hall is to them familiar territory. They always claim to be "extending the city," building "homes for the future," and so on. And property owners, even if they are conservative investors, are ac-

tive in politics because they are subject to so many necessary regulations which they are always wanting modified or liberally interpreted—fire, safety, health, sanitation, and others. But also there is the fact of taxation imposed by valuing (and levying a percentage of the value of) real property. Any attempt to limit the activity of speculators in outer areas raises the claim that the creation of new values is being hampered and that tax sources are being choked—plausible arguments to the uninitiated who do not realize that values are simply being transferred, not created, and that in the same process the city may be committed to really extravagant expenditures for facilities it already possesses in sufficient quantity.

So long as urban populations were growing and the national income was rising, land values naturally rose. Gradual stabilization of growth should be expected to bring that long-run rise to an end.¹ It might even be expected that values would fall as advancing technological requirements diminished the relative importance of land as an element in production. But, of course, the assumption that taxes are produced by land is no more than a fiction. Unless the real property tax is actually a deduction from the owner's equity or from other wealth, either of which would amount to a capital levy, it must come out of income from other wealth or from land. Since the capital levy may be disregarded as beyond average probability,² realty taxes must be derived from income and, it has always been assumed,

¹ Richard T. Ely, *Outlines of Land Economics*, Vol. II, *Costs and Income in Land Utilization* (1932), p. 58: "Wherever population fails to increase, the value of land is apt to fall. Progress brings economy in the use of land, making the same area go farther toward satisfying the need for land In urban communities with stationary population the price of land may fall until . . . the land itself will not bring a price equal to its supply cost. . . . These costs are increasing constantly, as we come to expect more and more services and utilities to be included with the bare land of a city lot."

² There is an actual stopper. When tax delinquency occurs, all sorts of subterfuges are used to prevent actual acquisition by the city; and when that cannot be escaped, it is got back into private hands with almost indecent haste and at prices which sacrifice the taxes anyway.

specifically from the income of land.³ There is a complication, however, in the fact that the tax is not laid on income but is fixed at a percentage of capital value. This is a fiscal assumption which the theory does not prepare for. But it is necessary because taxes often aggregate more than the actual income of the land. This procedure has been clung to only in this one instance; in taxing other kinds of property it has long since been abandoned. It is because of the double unreality involved that cities, in order to maintain their incomes, have to disregard the yield of land and keep up purely artificial valuations. It is as though income tax returns were to be maintained at a given level by adjusting the figure for income rather than the rate of taxation. As a result the maintenance of daily services has come to depend on rising, or at least fixed, assessed values although economic values may be decreasing.

To secure an adequate municipal income, then, assessed values must be maintained; these values encourage high, sometimes speculative selling prices; there results a movement of population to outlying areas, which movement, by requiring construction of new facilities, encourages increasing municipal expenditures; and these expenditures, finally, prevent the reduction of assessed values. This is the vicious fiscal circle in which municipalities are caught.

Another, but relatively minor, fiscal traditionalism still further hinders adaptation to changed conditions. Not only must *total* values be maintained, but the ordinary assessing officer feels that this necessity requires the support of *each individual value*. Nothing must be done in replanning or rehousing by any governmental agency which might reduce the assessed valuation of a single lot. The reasoning is that any action which might decrease the value of a particular piece of land will automatically decrease

³ Temporarily such income might indeed be only prospective as when vacant lands were held by speculators, in which case taxes must come from other income sources.

the total value of the land within the city; whereas, of course, what will actually occur is that the value of other (or all) land will be correspondingly increased.¹ The significance of the carry-over of this antiquated reasoning is seen, for instance, when it is found necessary to relocate facilities such as markets or docks or to rezone in such a way as to encourage the relocation of private factories, warehouses, apartments, and the like. Often strenuous opposition to such salutary changes centers in the fiscal offices of the city. The whole would be improved, but certain properties would suffer. Those who watch only the current balance sheets miss the long-run changes which may be more significant.

The prevalent reliance upon realty taxes and the corollary belief that the valuation of every lot must be kept up is fatally discouraging to planners. For good planning may very well require the reduction in value of specific parcels because they ought to be used less intensively—as when blighted business sections ought reasonably be turned into residential or recreational areas. The planner who makes such a suggestion risks being accused of reducing the assessed valuation of the city's real estate, and, therefore, of impairing the base upon which the city is financed.² When city officials are too easily persuaded that nothing should be done to disturb any land valuation—which in essence means that little functional improvement can be expected—what planning is done must follow a pattern fixed by the irrelevant and irresponsible forces of land speculation. Blighted areas spread, indus-

tries leave town, more pressure than ever is applied toward maintaining existing valuations, and a downward spiral is started.³ The fact that the city's land will not decrease in total value, provided its production and population are maintained, means that planning which alters the distribution of this total value may tend to benefit one property owner at the expense of another, and this in itself constitutes one of the strongest arguments for a steady city-wide application of master plan standards. The master plans are subject to hearing and public adoption. They partake of the majesty and reasonableness of law, and adherence to them is not a whimsical or unequal requirement. Stability—that is change only for reasonable, well-considered purposes such as are shown in the master plans—is beneficial to everyone except the speculator.⁴

¹ It is not meant to argue here against what is usually called "social" valuation. That, in fact, is a much more reasonable basis than, for instance, "market" valuation. The objection is rather to the whole method of taxing. So long as real estate taxes are used, some way must be found to bring their base into relation with obligations assumed by the city. Funds got through taxation are partly spent on permanent improvements which are adjuncts of the property: streets, sewers, lights, sanitary equipment, neighborhood schools, parks. Are all these to be thought of as fluctuating in value from year to year? Realty owners are apt to regard "overvaluation" as an outrage. This is because they have not thought their properties were part of a great whole—the city—which does not and cannot change overnight. The truth is that the values of separate plots are derived ones. The whole city's valuations, divided into individual holdings, are the basis which must be used so long as realty taxes predominate. And the "market" valuation is irrelevant.

⁴ The deficiencies in traditional municipal financing have been made worse by various legal restrictions on tax rates and borrowing powers. It is not surprising that in recent years efforts have been made to overcome the resulting difficulties. It is with this excuse, perhaps, that American municipalities have demanded—and received—in the last decade progressively increasing support from superior units in the governmental hierarchy.

This support is rather startlingly revealed in a study recently completed by the New York Department of City Planning. The purpose of the investigation was to uncover the sources from which truly municipal expenditures were financed, whether or not such activities happened to be carried on by the city itself. For instance, the giving of relief has obviously been long considered a municipal function and would have to be done by the municipality if it were not done by any other agency, so that allocations under the local WPA programs must realistically be considered as a source of funds for municipal activities. The following table indicates that in New York City, at any rate, income

¹ This conclusion is not inconsistent with the possibility of a long-term decline in total land values because of declining population or decreasing use of land but is based on the assumption that the importance of land, generally, as an item of expenditure is not changed, that about the same amount of social income is spent, year by year, for the use of property.

² This is illustrated, again from New York City's experience, in the opposition to moving the city's antiquated fruit and vegetable market because the assessed values of the land on which it rests happen to be high, in spite of the great functional advantages of a more central site. Here there would be great savings—but most of them to the customers, who are evidently not considered.

III

NOTHING in this range of facts proves that the big city is obsolete. Methods of securing revenue, perhaps theoretically absurd, are certainly out of date; and land policies, for fortuitous reasons, are dangerously geared to the old rather than to the new concept of city life. But these are not basic defects. An alternative approach to the problem of securing revenue without these (and other) handicaps has recently been so extended as to constitute a new device, though actually the invention is old—the use of public authorities or semimunicipal corporations to perform public services. These agencies provide one way of carrying on activities which, because of legal, fiscal, or operating conditions, cannot be undertaken within the city's own corporative framework: to build and operate, for instance, markets, bridges, highways, parkways, sewers, port facilities, and the like. Is the authority a means by which new life can be given to the city as a whole—its yield of social income raised?

There are certain disadvantages in using authorities. One is a weakening of general government in the city within which the operation is carried on. Another is the greater difficulty of coordinating the func-

tions related to that which is separated out for special organization. Expenditures made for and by these agencies may be (and usually are) contained in separate budgets not correlated with other public expenditures. This means that no objective measurement can be made of their particular services against all others, so assuring maximum returns for funds expended. It is similarly made more difficult to develop a correlated revenue program. If a particular bridge, a recreational facility, a supply of power *must* be financed by capitalizing tolls or charges, its revenue is removed from the sphere of taxes which *may* be levied generally. If public education, for example, had to be based upon fees because of the inability to secure funds from tax sources, it would be greatly restricted. If the state laws authorizing such agencies contained the precautionary provisions necessary to their correlation with other activities, they would be less objectionable. But one of the reasons for their existence is the unwillingness of bankers to float bonds which do not have these exclusive claims to revenue, so that if the technique conformed to the city's interest it would be less desirable to investors. There is also, from the point of view of the general taxpayer, a question concerning the fairness of setting aside the most certain revenue-producing facilities for the benefit of investors rather than taxpayers. If all the income of citizens can be thought of as available for taxation on a percentage basis, and then the most certain of it is sequestered for levying upon by an authority (even though it is called a price and not a tax), taxpayers, qua taxpayers, have a legitimate complaint. This résumé by no means exhausts the possible considerations raised by this frequently used device. It has this overwhelming virtue—that, with its use, improvements are obtained which otherwise the city would not have had. And this is a powerful argument, though not a conclusive one.

It has been, no doubt, an awareness of the complexity and importance of such problems as that of city land and the im-

from all other sources more than equaled in amount the sum obtained from the traditional real property tax:

Revenue Receipts of Government Agencies for
Municipal Activities, New York City, 1938
(in millions)

| | |
|---|----------------|
| Real property tax and assessments..... | \$490 |
| Other sources of city revenue (water rates, sales taxes) | 170 |
| Assistance from and expenditures by the federal government (WPA, etc.) | 240 |
| Assistance from and expenditures by the state government (education, etc.) | 200 |
| | <u>\$1,100</u> |

It is believed that this situation is typical of what has happened in most large urban communities.

The Municipal Finance Officers' Association recently prepared for the Council of Social Agencies of Chicago a report entitled "Who Pays For Social Services." This study may be found in the *Social Service Year Book, Chicago, 1938*. It indicates that although in 1938 \$170,000,000 was spent for social services in Cook County, Illinois, 62 per cent was contributed by the federal government, 25.6 per cent by the state, 6.3 per cent by the county, and only 6.1 per cent by the city.

plications of such devices as the semi-independent authority which has led to the setting up in many cities of agencies for central planning. Most of them have been imperfectly conceived, and hardly any have been set up in more than rudimentary form. Yet they furnish recognition that a planning body, worked into the government so that its master plans are controlling guides to change, is more important than any of the temporary reforms which were once so popular. It has been imperfectly understood that the effort will fail unless it includes the social and economic maladjustments which lie behind the physical ones. The temptation is to give the planners only map-making powers or to hold out "the city beautiful" as a sufficient aim. The physical aspects of a city are important, but they are only what is visible of strong full-flowing subterranean forces. Master plans get their effect from drawing upon the spirit and character of the civic organism—natural advantages and resources, trade and industry, people and their activities, the old city framework and the techniques of change. It is upon improvements throughout rather than merely in design or engineering that greater production of social income depends.

If its work is to be effective, a planning body must be oriented to problems of this range and scope and must possess real power over the effectuation of its plans, subject to ultimate check by elected representatives. For this purpose control of the fiscal program is necessary. In the latest city charters this responsibility is made concrete in a capital budget and program—the one being annual, the other stretching out into succeeding years—a considerable step toward fulfilling the master plans. After consideration and adoption by legislative and executive, no funds under this arrangement may be spent by the city except in accordance with it, the process of amendment being deliberately made difficult. This budget and program implements planning and it has the effect of forcing those responsible for planning to consider the economic and fiscal

significance of the proposals that they wish to make.

The controls exercised by a planning agency have to do with both public and private activities. The capital budget is the most important public control. For private guidance many elaborate procedures have been developed, most of them concerned with the use of land. They include, for instance, all the varieties of zoning and of subdivision control. It is notable concerning these, however, that in practice they illustrate the futility of the procedures almost as well as the necessities which gave rise to their invention. Zoning has in practice never been found capable of solving the problems intended to be solved by it. Some of the reasons have already been referred to, but perhaps the most important is that if it did solve them the distinction between private and public ownership of land would have been to all intents and purposes erased. For a zoning which was effective in securing the public interest would reduce the interest of any private holding to a minimum which would destroy its speculative attractiveness, and, except under certain conditions, even its investment interest.

This raises a question concerning the popularity of zoning as the remedy for the disease of blight. Its appeal probably lies in the satisfaction it gives the literary reformer without hindering in any serious way the activities of the speculator. This is, of course, because its application is always within the framework of the common law which regards any limitation on private property with suspicion. The antitrust laws in another field operate with somewhat the same double effect. They, too, satisfy the reformer but are not a serious handicap to industry; any genuine attempt to enforce them always meets some check. And so it is with zoning. So long as it is used only to establish uniformities within neighborhoods which may be regarded by speculators as desirable aids to salesmanship it is allowed to operate without protest. But when it is used to protect the general interest

by limiting business uses, gross heights, and dangerous coverages, it is interpreted to be a taking of property without due process of law. And, in fact, it is a taking of property, though not with irresponsible intent and not without a certain kind of process. Adequate regulation would take away a privilege to exploit the public, and it would give to the public the power to guide private activity. The courts are vital in this matter; they might thinkably permit limitless extensions of control, but they will, in fact, never go far enough, even at their most liberal. For the truth is that the public interest requires the elimination of the most highly profitable activities which involve the land.

If a city were rigidly, even if reasonably, zoned for business, residential, and other uses—that is to say, if those uses were restricted as to height, coverage, bulk, and density in accordance with the known prospect for population growth and for business or industrial expansion—there would be none of the speculative element left. The speculator is interested in overzoning in all these respects so that his particular property can be represented to prospective buyers as the one likely to have whatever advantage any single one may ever have. It is a well-known principle that skyscrapers are parasitic upon neighboring low buildings. High buildings in a row destroy each other's advantages. If every skyscraper had to furnish the open space on which it exists, it would be at least reduced to the investment level. It would have no speculative attraction. But brokers have difficulty in selling properties on such representation. And they—along with owners—will fight to the death against regulations which will require them to furnish their own space, light, and air. Either the city must furnish them as streets, parks, and so on, or their less lucky competitors must be forced to do so. But, by common conspiracy, the whole matter is ignored. The costs involved, when they can be made to fall on the city, are separated in time and space, of course, and this makes concealment easier. When they fall on competitors, that

is presumed to be one of the risks of free enterprise. The result is that almost never are all the costs added up, a fact which does not prevent ultimate revelation in the total of city expenses, in the tax rate, and so on, except that by then the source of the difficulty has been quite lost to view.

Owners, however, are in this dilemma along with their brokers and dealers and with the speculators. It is true that their assessable values are somewhat determined by what actually is on the land in the way of buildings. But they are also determined in part by the zoning which has been or which may be imposed. Suppose an investor to have acquired property in a business district in which skyscrapers were permissible and to have been paying taxes for some time on values established by possible uses of the property. Then suppose a rezoning to take place which reduces his possibilities by say 50 per cent. The zoning agency may have been acting in accord with revised and thoroughly accepted estimates of population growth and industrial activity, which were down 50 per cent from former estimates,¹ but, nevertheless, if the courts are to cling to common law, that rezoning would be a taking of property without due process. If, added to this, there should be, at the same time, an attempt to reduce even a notorious existing overzoning, such as prevails nearly everywhere as a result of past compromises, there would be an even greater sense of outrage among injured owners. And this is not at all an unusual situation, for in most cities the decline in rate of population growth, which has so unexpectedly set in, has aggravated an already outrageous overzoning for the more intensive uses. In order to get zoning established at all, its proponents have been everywhere forced to accept absurdly high estimates, which, when spread out over the city, made an indefensible whole. It was always somehow hoped that the city would grow enough to take up the overage. But with the setting in of decline in rate of

¹ Something like this has recently happened in New York City and in many other large cities.

growth the absurdity has become instead more marked. In a city like New York where the zoning dates back practically unchanged for two and a half decades, it is merely a delusive indication of former boosters' hopes. But attempts to bring it into conformance with reality meet with implacable opposition.¹

IV

THERE can be no question that complete and rational zoning, such as any planning body these days knows how to do, would practically eliminate the speculative, and perhaps even the investment profits in real estate—if investments remained completely individual and noncooperative. In such a situation there is little to choose between regulation and public ownership. In fact, such a possibility raises the question whether, if the public interest requires zoning, it does not also require the further step of public acquisition—this in fairness to private owners as well as to the public. For then the same procedure of control by master plan as is now used for public projects could be applied to all land uses without prejudice to or opposition from private real estate interests.

This argument, it may be said, applies equally to any regulated industry, and, if taken seriously, would lead to the public ownership of everything. One reply to this contention would be that it is not an argument but an expression of prejudice in favor of private ownership; but another, and more relevant one would be that land is of common interest not only to all consumers but to all other businesses as well, thus falling into at least a narrower category than "everything." But, also, there is the practical fact

¹ This is only another way of saying that a part—a large part—of the value of every property consists in the zoning tag which it carries. This tag has been attached in the first place by society and society ought to be free to change it. But the fact that it is a value causes it to be disputed over, and causes the actions which affect it to be scrutinized with all the solemnity customarily accorded property rights in our legal system. The courts often lose sight of the social nature of zoning tags and treat them as though, once conferred, they belonged of right and forever to their possessors.

that the regulation of land is actual and immediate to the point of destroying the private interest in it. For it is more and more widely seen that overzoning involves the city in a multiplied expense which purely imaginary values will not support with actual tax dollars. If the city must provide schools not only where children are but also anywhere they are likely to be put by developers in pursuit of various speculative ventures, the expense for schools alone will outrun the taxes which can be collected on the values of the properties involved. And schools are no more than one of the services demanded by citizens. It has been shown how this disparity between income and expense is exaggerated when population merely shifts but does not grow, for values also merely shift but do not grow, yet they are expected to yield far more in taxes. No amount of movement within a municipality can increase the incomes out of which all taxes (real estate or otherwise) are paid. All this suggests that cities may have to choose between municipalizing their land and managing it in the public interest or sinking not only into hopeless fiscal difficulties but into the ignominy of futility and incapacity.

One very considerable advantage of the authority over municipalization as a method of doing public business is that it has a single objective and can concentrate on it. It escapes from both the difficulties of taxation and those of ineffectuality. But there is a feature to which there is legitimate objection: this is that the authority tends always to ignore necessary conjunctural relationships. It does not take its chance along with other activities but maintains a privileged position. The natures of this advantage and of this drawback are such that the one can be gained and the other eliminated, though not without some determined effort. For the impulse which is strong enough to overcome the inevitable difficulties of setting up a public body of this sort is usually too strong for submission to a planning body. It is nevertheless suggested that the acquisition and handling of land is an appropriate matter

for authority management. It would very likely be badly done by a regular municipal department, yet unless it were subject to the city's master plans it might turn into a Frankenstein. The authority would thus have to be based on a previous acceptance, in its authorizing statute, of the master plans. But if it were it might be startlingly effective in solving serious problems.

From the public point of view the most pressing necessity is to escape from regulation which, in a common law system, can never be successful, especially when what is called for is control so drastic as, in many cases, to be confiscatory. The many private equities have to be merged into one. In such a process, carried out honestly, there is certain to be a general increase in public wealth. And in this all present owners can participate as bondholders, their original share being determined equitably by historic valuations already on the books. It would seem reasonable to incorporate this whole and to sink in it the interests of all those separate owners who otherwise run risks which, when they are actually suffered, the courts will not tolerate.

The whole, the general interest, can be enlarged, but, lacking some embodiment of the whole, it cannot be guaranteed that any single interest can be similarly enlarged. And it is undisguisably necessary, if the master plans are to be taken seriously and if no merger of interests is made, that there be freedom to injure these single interests for the larger good. Any such injury might be thought of merely as the transfer of advantages from one individual to another; what one lost another would gain, this being the ordinary practice of business. The difficulty with this argument, aside from interferences (by no means regularly recurrent and so predictable) of a legal nature, is that there has grown up a recognizable public interest which is already well organized and necessarily aggressive and which is now encroaching on private interest. The problem of land is thus not a plain matter of business but one in which the public demands some-

times destructive rights—destructive, that is, to anticipated profit. On the whole it is better that the ownership of land should be removed from the field of business.

If it is so removed it ought to be entrusted to an agency which would not only act as a repository for what were formerly private equities but which also would lease and manage the land in such a way as to conform to a program calculated to bring about a total profit. The authority would not, presumably, interfere with the management of any existing city facility. It might appropriately own the land on which facilities operate, however, for the great advantage sought would be conformity to the master plans. A park, a school, a street, or a fire station may just as conceivably become obsolescent from the point of view of maximum usefulness as a factory, a warehouse, or a block of dwellings.

Another reason which suggests the utility of completeness—perhaps the most compelling reason for entrusting land ownership to an authority—has to do with financing. The operation can be thought of as a way to preserve investment activities in real estate, though it would make impossible future speculation. For the authority in issuing bonds would, in a sense, be merging all land values within the city into one impregnable value—as good as the city's own future, though, of course, no better. Investors who received compensation for individual properties might reinvest in this new security, thus eliminating their risks along with their possible gains. This procedure could not very well be objected to; they, by definition, were investors rather than speculators.

To suggest the land authority is perhaps looking forward further than is now warranted, although the tempo of the times does undoubtedly encourage suggestions which might otherwise be thought far in advance of possibility. Nearly every city in the United States is in fiscal difficulties from the same cause—a cause which lies close to private ownership of land and the commitment to

municipal expense which is a corollary of land management in the interest of individual objectives which run contrary to those of the city. And cities are everywhere resorting to the self-liquidating finance possible through the authority. Nearly all cities, also, are facing the acquisition, in any case, of large sections of their own land for housing, for recreation, and for other similar purposes, operations which are now carried out with awkwardness and at unnecessary expense. Hardly a city has been able to plan the subsidized housing projects of recent years as it would if land costs were eliminated as a factor. It is almost true to say that the vagaries of real estate speculation have been more determinative in these decisions than has any functional view of municipal operations. This is an instance in which the production of social income has been sacrificed to the older objective of private profit-making. But it must not be thought that there is not a good deal of restlessness as a result. There is. And how soon it may assume such volume as to run over into action it is not possible to predict. The suggestion of a land authority may be relevant to a near contingency.

It is likely, however, that other ways out of the dilemma may be sought before so complete a solution is accepted. It is not difficult to forecast what their nature is likely to be. In general they will consist of pooling arrangements with some degree of compulsion for reluctant owners, together with regulation of return.¹ Again there are

¹ Such a scheme was embodied in the so-called Re-development Corporations Bill passed by the New York legislature in 1940 but vetoed by the governor. It was re-passed in 1941 and became law. But its regulation of return was defective.

Movements such as resulted in the New York statute are underway in other states, notably Massachusetts and Illinois. Like the New York act, they are approaches to the necessary pooling but are also attempts to gain the advantages for small groups. A recent comment in *The New Statesman and Nation* (June 14, 1941) indicates not only that the same necessity exists in Great Britain but that the same confused evasion of realities prevails: "When is Lord Reith going to face up to the problem of land ownership in our blitzed cities? Even the property-owners' associations are crying out for measures to prevent land speculation; and respectable Conservative town clerks are saying privately that

possible difficulties with the courts. The judges, in each case, are apt to scrutinize purposes and not to be satisfied with less than a reasonably public one. If this is the test, the theoretical difficulty that only a small amount of the city's land will find the intensive uses on the prospect of which its values (and consequently its taxes) have been built up will not be met. What would seem certain to happen would be that the owners of the choicest locations would, in the early stages of the operation, get together and monopolize the intensive uses. This would leave the rest of the city a hopeless waste of parking lots, vacant spaces, sheds, junk yards, abandoned buildings, rickety storage structures, and the like. The municipality would be no better off because no conclusive end would have been made of wholly false hopes and representations concerning all this vast expanse of unneeded property which would, in any rational plan, be marked for frankly extensive uses—commons, forests, landscaped marshes, and the like. No voluntary semiprivate organization,

there is no real solution short of public ownership. Indeed, everyone admits that something will have to be done to prevent rebuilding on the old sites without change of surface ownership. The main difference is between those who want some form of public ownership, local or national, and those who advocate one sort or another of property-owners' pool, with powers to redistribute sites for re-development rather than on the lines of the Enclosure Acts of the eighteenth and early nineteenth centuries. The advocates of 'pools' are further divided into two schools of thought. One school, the more advanced, wants to make in each city a pool large enough to include all property likely to be affected by comprehensive schemes of post-war development; whereas the other school favours only small pools, covering the areas actually destroyed by enemy action. On this latter basis there would be a number of separate pools in each blitzed city; and it is plain that each group of property-owners would fight like tigers to get the plan of re-development on to lines which would raise to a maximum the value of their own land. Even the larger pool scheme is open to the same objection, though to a smaller extent. There is, in fact, no way of securing satisfactory development except that of public ownership of the entire land of the city, and of a sufficient surrounding area to allow of the opening up of central sites and of re-housing in satellite towns on a basis which will not subject the community to exorbitant land charges. I repeat, What is Lord Reith doing about all this? Waiting for the Uthwatt Committee? But I believe that body produced a first report some time ago. The problem needs tackling now, before the vested interests have been given time to entrench themselves for the future."

even though it possessed the power to compel the cooperation of a reluctant minority, would be likely to extend itself further than a few contiguous city squares. As such it would serve the purpose of neighborhood rehabilitation and might go a certain distance toward checking the flow of population into now uninhabited or little-used areas.

But any effect of that sort would be limited by the lack of one essential: the value of its property would not be reduced to that which is dictated by its relation to all the other uses indicated in the master plans. It is hard to see how this value could ever be reached. If it could, of course, the interest of the public would be sufficiently served: the indicated use of each property would stabilize its value and would make possible a permanent relationship between that use and the city's commitment to services. It is just this relationship that no scheme short of large-scale public intervention seems to promise.

One of the municipal reformers of another generation once wrote a book which he called *The City, The Hope of Democracy* (1905).¹ That title not only revealed his own opinion, it expressed that of his whole school. It was because they hoped so much from the city that they gave it agonizing analysis and took for it great personal risks. It would be tragic if it had to be said only two or three decades later that their beliefs and aspirations were wholly unjustified and their work wholly without result. There was

one among them—though other facets of his fame have been more remembered—who saw that the land problem lay at the heart of any successful reconstruction. Perhaps the others shrewdly saw that Henry George was more interested in a panacea than in the health of the mighty social organisms in which people had chosen to live,² and this recognition might account for their neglect of his lesson.

Yet the contemporary political scientist carries with him always the awareness that the land problem remains unsettled and that, until some new devices have been tried, and tried honestly, it is quite impossible to say whether the city can any longer be considered the hope of democracy. In the past, the liability side of the social ledger has appeared discouragingly heavy to anyone who has examined it with care. And no one could see the rise of those impulses which might lead to real regeneration. Perhaps they may be focused and given an opportunity for development they have hitherto lacked by the strong central planning movement which is being substituted for other more negative reforms. That, of course, will happen only if planning occupies the place now opening to it in municipal management.

² Henry George, *Progress and Poverty*, twenty-fifth anniversary edition, 1914, p. 326: "Poverty deepens as wealth increases, and wages are forced down while productive power grows, because land, which is the source of all wealth and the field of all labor is monopolized." But Henry George did recognize the relationship between desirable land use and common ownership: "So far from the recognition of private property in land being necessary to the proper use of land, the contrary is the case. Treating land as private property stands in the way of its proper use" (p. 399).

¹ Frederick C. Howe, who died so short a time ago as August, 1910.

Financial Control: A Case Study

By RICHARD W. VAN WAGENEN

Yale University

ANY light which can be thrown on the persistent problem of reconciling administrative efficiency with popular control is perhaps more welcome today than ever. One teasing aspect of this puzzle is the question where financial control should be located in the administrative structure, granting that under representative government ultimate authority lies in the legislature. The problem was brought into the foreground on the national level by the recent controversy over the Comptroller General of the United States. It is on this issue that the study summarized here offers more data—but from the level which many consider to be the foundation, not merely the basement, of the American governmental system. More specifically, the question explored is: How does the pre-audit of expenditures by an officer largely independent of the chief executive affect administration?¹

I

SAN FRANCISCO has a form of government which is unique among the large cities of America. Like a biological oddity, it is peculiarly adapted to laboratory study, provided appropriate adjustments are made before conclusions are offered. Measurement is impractical in a problem of this sort, however, and the case method, by means of interview and intimate observation within the controller's office itself, seemed the most promising way to "capture and record" results.

¹ Details and illustrations (but not sources of oral information) can be found in the full manuscript, "Financial Control in San Francisco: A Case Study," available through the Stanford University library.

San Francisco's government is basically of the strong-mayor type but with variations designed to overcome certain weaknesses of the orthodox form. There are two distinctive features which bear especially upon the problem at hand. One is the chief administrative officer, appointed by the mayor for an unlimited term and removable only by two-thirds of the Board of Supervisors (the eleven-man legislative body) after charges and hearing, or by popular recall. He appoints, directs, and can remove the director of public health, the director of public works, the purchaser of supplies, and several less important officials, but he does not select or direct the police, utilities, welfare, parks, or fire department heads; they operate under commissions appointed by the mayor.

The most distinctive feature, however, is the machinery for strong fiscal control. At the heart of the system is a controller, nominated by the mayor for an unlimited term, confirmed by the Board of Supervisors, and removable only by two-thirds of the supervisors or by recall. Financial administration as a whole is not integrated under the controller, since the treasurer and assessor are elected and the tax collector and purchaser of supplies are responsible to the chief administrative officer. But financial control is centered in his office. To describe the controller's legal position and his legal powers separately would be as artificial as discussing his paper position outside the context of actual operations. His actual power position is a composite of all these elements, and so is his responsibility or accountability. His tenure of office will serve as a good point of

departure for this article.¹

The direct legal provisions (removal by two-thirds of the Board of Supervisors and recall) have already been mentioned, but there is also an indirect legal possibility of great importance: a successful taxpayer's suit could result in the controller's removal. Operation on the cash basis is specified in the charter and connected with day-to-day practice by a heavy chain of mandatory provisions anchored in the controller's bond. Another indirect legal means of removal is, of course, the electorate's power to amend the charter.

The extralegal restraints on removal of the controller are undoubtedly stronger than the legal limitations, however. Protection against removal by a taxpayer's suit obviously increases with the conservatism of the controller's decisions, and in any event the threat of suit is insurance only against laxity and not against overly zealous performance. It has been said that taxpayer's suits would disqualify a controller because he would be blacklisted by the bonding companies, but this would be true only where suits were chronic; a higher premium would seem the more likely recourse. Clearly charter amendment and the recall are last resorts which need not worry an honest and conscientious controller. As for removal by the Board of Supervisors, a glance below the surface shows that actually there is little to fear in this direction provided the board is made up of normal men and the controller is a reasonably prudent officer. "Public opinion" is perhaps the best phrase with which to describe this intangible brake on removal. There has not been a tradition of removal in San Francisco in the case of any officers under either the old or the new (1932) charter, and a period of eight years has elapsed in which to build

up the idea of tenure for the controller as intended by the charter framers. There has been only one direct threat to the present controller's tenure, a minor one, and the only previous controller died in office. Thus the Board of Supervisors would virtually be compelled to prefer charges before removal, and these would either have to be serious on their face or else subject to dramatization. The board, therefore, could not charge merely general incompetence or even serious administrative obstruction in the performance of what the controller saw as his duty. Allegations would have to be such as malfeasance, misfeasance, nonfeasance, or personal misconduct. Yet all the "feasances" can be avoided with care, and neither the public nor the law would recognize what the close observer of administration will understand by such a term as "superfeasance." Even a sudden political turnover is unlikely to affect a controller fatally, as the Board of Supervisors is elected in halves, six and five in alternate even years, and San Francisco has had only two mayors in the past quarter century, despite the four-year term for which the mayor is elected.

To whom, then, is a controller accountable? His responsibility is not only divided, but also vague. Any appointee's psychological loyalty will obviously go to the mayor above anyone else, and the unwritten canons of political loyalty will keep him bound to the mayor as long as the latter is in office. Hence the San Francisco plan will never be fully tested until the present mayor has been replaced. Assuming this replacement, what could the new mayor do if he found the controller impeding administration? It is unlikely that he could persuade the Board of Supervisors to remove him for the reasons already stated. It is a curious thing that the strongest disciplinary powers are sometimes the weakest because of their very harshness. There must be an intermediate sanction, and the one available to the mayor is his budget-making power. But budget cuts require the support of four supervisors, as two-thirds can override a veto.

¹ The discussion throughout this article is confined to the situation as it existed from about the middle of 1939 to the middle of 1940, as no adequate observations have been made since that time. Some elements of the situation have changed since, but a case study is valid within its own context at the time of observation only; if one element alone is brought up to date the picture may be ruinously distorted.

Furthermore, if the mayor cut the controller's budget only slightly, or refused to grant increases, he would lose good will and co-operation without crippling the controller in the use of his own sanctions. Somewhat greater cuts might weaken a vital part of what is supposed to be the mayor's administrative machine. Really drastic cuts would probably add to the mayor's difficulties the disapproval of the public and the force of tradition.

A controller's responsibility to the Board of Supervisors is somewhat more direct. The power to confirm being also the power to reject, the supervisors might easily render a controller indebted more to them than to the mayor. The board also passes upon the appropriation act, of course. But the controller has sanctions of his own. To begin with, he is the only source of information on the city's financial status, a matter so complicated that any lay body stumbles pitifully when it has no more than mild cooperation from the controller. He also estimates revenues for the coming budget, and a little discretion here goes a long way on the tax rate. Again, the actions of the board are subject to legal interpretation by the controller, and certain perquisites of the members require his approval. Conversely, he is in a position to help members of the board immensely with his full-time knowledge of operating affairs, or through his staff facilities.

In short, it seems entirely valid to say that, by reason of his legal and extralegal safeguards, any honest and reasonably competent controller in San Francisco has, and would have in the long run, a very high degree of protected tenure and freedom from clear administrative responsibility to any city official.

II

How does the controller use his strength, and with what effect?

The controller's charter powers can be summed up by saying that he is endowed with a preaudit of virtually all encum-

brances, both for legality and for sufficiency of funds but not for reasonableness; that he has a large share in budget preparation; that he has wide discretion in the matter of appropriation allotments and reserves; that he has negative finality over intradepartmental transfers and supplemental appropriations during the year; that he is the keeper and interpreter of the only official accounts in the city; that he prescribes the form of all departmental accounts and of all financial paper; and that he has the power and duty of auditing other departments, though the official postaudit is external, by a firm selected by the Board of Supervisors. The way in which each of these powers is used by the controller has been studied with reference to administrative relationships and with special attention to the shadowy line between fiscal and operating territory. The findings can be briefly stated.

THE controller in San Francisco is the budgetary control officer, and the budget covers all city operations. Before examining the full meaning of this power, however, we should examine his part in the budget-making process.

The controller's influence over budget policy is intangible but far-reaching. It comes not through any power over budget making in the policy sense, but indirectly through his duties in connection with the preparation of estimates for the mayor. The controller, acting as the mayor's staff agency during budget making, has so loud a voice in the process and exercises such vigilance throughout the year that his views and decisions have a considerable effect on the result, and hence materially affect the operating departments. For one thing, the San Francisco budget is large enough and complex enough so that the mayor cannot single-handedly comprehend any more than matters of major policy, and neither can the Board of Supervisors. Matters of minor policy often fall to the controller as the only overhead or staff officer who sees the budget as a whole and in detail before it reaches

the mayor. For example, when the mayor says that there will be no new equipment items during the coming year unless they are absolutely necessary, it is often the controller who decides *which* departments will get that new truck they have each requested.

It is safe to say that both central control and departmental annoyance increase directly with the minuteness into which appropriation items are broken down. The degree of breakdown is left to the controller by the charter, which specifies a minimum but no maximum amount of detail. Each year itemization has become more detailed, carrying with it perforce a greater leverage over all later control activities—allotments, reserves, transfers, supplemental appropriations, and the determination of legality.

While there is no way of knowing for certain just how great has been the controller's influence over the mayor's final decisions on budget estimates, an equally significant fact is that department heads *think* the controller's influence is often decisive. They feel that he is at least a finger on the hand that feeds them, and they will not bite without serious provocation.

In a more direct and remarkable way, also, the controller can affect budget policy regardless of the mayor's wishes: by charter, he has the exclusive duty of estimating revenues for the coming year and of shaving appropriations throughout the year if his monthly revisions of revenue estimates show this to be necessary for the maintenance of the cash basis. No one acquainted with the complexity of estimating revenues in a large jurisdiction will fail to realize the wide discretion this gives the controller, especially in the field of nontax revenues. And it is the nontax revenue estimate which, when applied against total expenditures, chiefly determines the tax levy—a prime political issue even if it amounts to only a mill or two on the dollar. Thus even in the matter of budget making, the root of financial control, the controller has considerable influence over both the mayor and department heads.

The first point to be made clear concerning the controller's power of preaudit is that every proposed expenditure must, and almost all do, reach his office prior to encumbrance on the books; and no expenditure, of course, is permitted without encumbrance. Another basic fact is that "sufficiency of funds" is not a definite term. Through interpretation by the controller this phrase does not mean cash on hand; it means reasonable certainty that funds will be available at the time the expenditure is expected to be made. Obviously this introduces many new variables which cannot possibly be handled or followed by any officer not in possession of complete city-wide accounts. In short, nobody except the controller knows whether funds are available to cover a requested encumbrance, and even for him it is a matter of opinion.

Two branches of the controller's preaudit power can be discussed jointly: his control of allotments and of reserves. In San Francisco the great bulk of all expenditure (other than fixed charges) is subject to monthly or quarterly allotment at the discretion of the controller. Since these allotments can be adjusted at any time, the controller has the implied power of making no allotments until actual needs arise. As a matter of practice, he uses this extremely strict control (allotting only as each encumbrance is actually requested) on non-recurring and special items, and places other appropriations on a monthly or quarterly basis.

If the familiar year-end rush which usually accompanies an allotment system is to be avoided, some method of catching and holding surpluses during the year must be devised. The framers of the San Francisco charter provided a system which they placed in the hands of the controller. With one exception, his power extends to all expenditures of every department and is in essence the power (and duty) to set up reserves against appropriations in whatever amount he sees fit. These reserves are chiefly to cover tax delinquency and a shortage of other

revenues and to impound monthly surpluses resulting from various causes. He does not have to treat all agencies alike, and the small percentage of total appropriations which are subject to this control is significant to a line officer who feels that his budget estimates were already cut to the bone at the beginning of the year. The controller can release reserves at any time, but until very recently the great bulk of these reserved amounts went into the cash reserve fund (a buffer fund set up by charter) or were applied toward reduction of the following year's taxes. Many departments can obtain these releases from the controller, but many cannot, and there is considerable discontent with the handling of this budgetary rate-of-flow valve, especially since none of the line officers fully understand its operation.

Actually, when a system of allotments is combined with the power to set up reserves and control transfers, the result is to allow reduction of appropriation totals without action of the legislative body. From the standpoint of budgetary control this is an excellent mechanism. It can be made strict without being rigid and flexible without being loose. But which of these things it will be depends chiefly upon the controller, who operates the machinery. His use of this leeway certainly has caused no major crises in the city's affairs so far and has notably accomplished its fiscal purposes. But the controller often finds himself involved in secondary matters of departmental operating policy, sometimes in opposition to line officers. It is not necessary here to examine whether the controller or the departments are more often in the right. The important point is that the controller *has* the power to enter into these nonfiscal decisions.

TWO OTHER branches of the controller's preaudit function are closely related: his control of transfers and of supplemental appropriations. Intradepartmental transfers, obviously of frequent importance to operating flexibility, must be initiated in San

Francisco by a department head. But the controller has finality of decision, which means he has the power to say "no," and thereby impliedly to say "yes." His wide discretion in this matter arises from the proviso that his authorization, and not merely his certification of unencumbered balances, is necessary for a transfer.

Another way in which departments may increase the amount of a particular budget item is, of course, by means of a supplemental appropriation. But the Board of Supervisors cannot act favorably until the controller has certified that there is money available somewhere which will not be needed during the year, and that revenues will be realized as anticipated. This is not as ministerial a duty as it may appear superficially. Furthermore, the controller's approval of purpose, while not legally necessary, is found in practice to be quite important to the success of such a measure before the Board of Supervisors.

Another control, intermediate between the transfer and the supplemental appropriation, has been developed by the controller himself through interpretation of an ambiguous charter provision. It is called reappropriation and is a means of carrying to the Board of Supervisors any transfer requests which, in the opinion of the controller, involve "policy." There seems to be no clear rule as to when a transfer shall take the form of a reappropriation, but one of its practical effects is to discourage transfers without the need for a flat negative by the controller. Its use exposes an operating department to delay as well as a risk that the legislative body will misinterpret the request as extravagance or poor original budgeting.

Thus it is the controller who ultimately decides whether a department may use the easy, the medium, or the difficult means of budgetary revision during the year. Since virtually every department occasionally finds itself in a situation where it needs a shuffling of rigid budget items for rather urgent reasons, the controller cannot avoid

being constantly involved in departmental policy unless he simply approves any and all requests for which he can possibly find available funds. Needs continually arise which it is in the controller's power to satisfy quickly, slowly, or not at all. Sometimes his conclusions are not those of the department head and friction results. Sometimes, though not frequently, this friction is so great that operating departments are subjected to anxiety and frustration in order that the budget may be spared from amendment.

Appeal from the controller's decisions is difficult. Most arguments are too minor to be carried individually to the Board of Supervisors or the mayor, yet they are significant in the aggregate if smooth administration is valued. There is no immediate administrative superior to whom they can be taken so that the wise department head cooperates with the controller in order to avoid retaliation, even at the expense of operating perfection. Yet probably no man sitting at the controller's desk could remain aloof from operating questions and cause any less friction. The difficulty is more a product of the position than of the occupant.

THE OTHER broad phase of the controller's preaudit is the determination of legality, both procedural and substantive. According to the charter, if the controller finds a "claim" to be "correct and proper in all particulars . . . he shall . . . approve," but not otherwise. Some of the elements of proper procedure are fixed by charter and some are not, but the important point is that the controller decides whether proper procedure has been followed. Furthermore, through his power to prescribe forms and accounts he has the right to require new procedural elements in addition. The vast amount of detail which is apparent to any observer in the controller's office may be desirable and necessary, but the point is that it gives ample grounds for holding a document on a technicality if the controller feels the need of doing so. As with almost any

ostensibly ministerial power, there is a strong element of discretion. Both the discretionary aspect of this power and the obvious alertness and thoroughness of the controller's office are to a considerable extent inherent in the controller's position, the latter partly because of potential taxpayers' suits.

Considerable waste has been prevented by the controller's correctional activities, and orderliness and regularity of procedure have reached a very high state of advancement. In accomplishing this, the controller has not burdened the operating departments intolerably with delay and obstruction, though there is no doubt that regularity has been purchased at a cost which partly offsets other savings. Furthermore, while the great bulk of transactions goes through, of course, without friction, there are enough cases of conflict to be significant. These usually concern small items, but sometimes the size of the item has little relation to the degree of friction resulting. At the very least it must be said that strict enforcement or the threat of it has often diverted departmental energy from line service to house-keeping drudgery.

Legality of the substance of expenditures must also be decided by the controller, subject to court review. Every encumbrance within his almost city-wide jurisdiction is subject to scrutiny, and it is significant that the controller enhances his independent position by maintaining an attorney of his own rather than relying upon the city attorney. No student of government needs more than a reminder that legality is a matter of opinion.

It is from the exercise of this power to determine substantive legality that the most serious (though not the most numerous) cases of friction seem to have arisen. Even these are not of the utmost gravity. But more than the cases arising under any other single power, they give concrete basis for a fear that the controller's powers may be too great. The root of this condition seems to be the fact, inherent in his position and the

wording of the charter, that the controller *may* be vulnerable if he approves a doubtful item, while he is almost sure *not* to be vulnerable if he disapproves. This naturally gives him a conservative tendency which leads him, when in doubt, to freeze until thawed out by the board or by a court—or else to threaten to freeze. Appeal is usually difficult and often impractical for an operating officer because of delay, publicity, and a vague fear of reprisal.

While the present controller has been charged by some with overindulging an appetite for departmental management, the criticism should be directed more to the office than to the man. Even if he retired from the exercise of discretion as far as possible, his decisions, made without responsibility for operating consequences, might create as much trouble as at present—under the same leaderless organization. Conversely, the controller is not equipped to render responsible decisions on operating policy.

KNOWLEDGE is power, and the controller has an unrivaled knowledge of money matters in San Francisco. As nearly as law can grant it, the controller has complete jurisdiction over accounting methods throughout the city, and this provides another potent control. He keeps the only central accounts, he prescribes the installation and operation of departmental accounting systems, and he audits the finances of certain departments periodically. Under authority of the last of these three provisions, he maintains a research staff which enables him sometimes to go beyond fiscal audits and do what amounts to a work audit, investigating almost anything in city hall at any time.

The controller advocates and practices very thorough accounting, and he has installed and operated a complex system of books in his own office. These produce all the information he needs for strict financial control, but this is quite different from having the figures in the hands of operating

officials. The obvious danger of domination by a central agency having superior information has seldom materialized with respect to the more important operating departments under normal conditions. This result is partly because these departments have accounts of their own which tell them something of what they need to know, and partly because they try to forestall trouble with the controller by conforming to his wishes. In practice, if he does not want to find a surplus in an appropriation, there is no practical way a department can find one by itself. But "love will find a way," and a cordial relationship with the controller's office is an asset of great worth to any operating agency. This connection is especially true of the less important departments since the controller's books are the only source of accurate information about their own fiscal position. Thus they can be confused into losing some of their budgetary funds, or they can be guided through the year with care.

The prescription of accounting forms causes more departmental distaste—a destructive type of friction even if it is usually below the surface—than does any other kind of action by the controller. It is one more opportunity to facilitate or to delay. At just what point paper work should stop in order to balance the conflicting claims of orderly accounting and unhampered operations is almost impossible to say. For whether the tape is red depends largely upon who is looking at it, and fiscal officers are apt to be color-blind in this respect. While that is likely to be true of any auxiliary agency, the difficulty is heightened in San Francisco because there is less than a normal balance between the opposing interests of fiscal refinement and operating service. That is, there is no appeal to a mutual chief from the controller's decisions on matters of accounting.

While the controller's office is doing as wide-awake and progressive a job of accounting as its facilities permit and is anxious to do even better, its zeal could

easily get out of hand and produce that smothered feeling so conducive to administrative asphyxiation. Some think it has already, but so far real abuse seems to the writer only a potential danger.

THERE is danger, of course, that this analysis is valid only insofar as it applies to the present controller in the current setting. But despite Alexander Pope, the human element is seldom determinative in this kind of situation. It is time that Pope be answered by more of an optimist and less of a layman. Urwick, for one, says: "It is impossible for humanity to advance its knowledge of organization unless the factor of structure is isolated from other conditions, however artificial such an isolation may appear." Take away the personalities and a good deal of realism disappears at the same time. Yet this must be done. To do so alters the analysis a little, but not decisively. Mayor Angelo J. Rossi, original Controller Leonard S. Leavy, able incumbent Controller Harold J. Boyd, Chief Assistant Controller Harry D. Ross, and Chief Administrative Officer Alfred J. Cleary have each contributed his positive or negative share to the tradition and climate of administration in San Francisco—a story interesting in itself. Yet the following conclusions seem valid to the writer after the human element has been discounted.

III

ONE THING is clear: San Francisco's strong-controller form of government, setting up what is not far from an external pre-audit, has notably accomplished both its fiscal objective and also another major object sought by the framers of the new charter, separation of legislative and administrative functions. The city has lived on a sound cash basis and its financial position has been made both stronger and more intelligible. Much waste has undoubtedly been prevented as a result of both structure and procedures. Furthermore, administration has been protected from legislative

interference, an improvement not to be underrated.

On the other hand, there are certain consequences of this control which are serious. Often the whole is greater than the sum of its parts, and the aggregate of the controller's expressed powers tends to have a magnetic pull which draws a cluster of implied powers to his sphere of influence. The result is that his day-to-day influence over line departments pervades the whole administrative fabric and is both broad and deep. There has been considerable friction usually over minor matters but sometimes over major issues. "Minor" issues, moreover, are often "major" issues on the departmental level. No grave stoppages of service have resulted, but actual and potential obstacles to top efficiency are ever present. The controller has not always refrained from injecting his views into operating matters. Indeed, he has sometimes arrogated a preaudit for reasonableness, adding it to his charter-granted preaudit for legality and sufficiency of funds. Much potential friction has failed to materialize only because department heads are ingratiatingly anxious to keep the controller's good will. Much of the petty friction caused by some of the controller's decisions could be eliminated if the mayor would use his charter powers to the limit, but the more fundamental rubs are inherent in the charter, assuming that it is to be implemented by a normal set of officers.

Looking backward at the previous charter, then, one has no quarrel with the new setup. But looking forward, it is clear that the job was only partly done; the charter framers failed to strengthen the administrative service by providing a single over-all executive with wide powers. Specifically, they did not give the mayor control over the execution of the budget on the theory that this should be in the hands of an independent nonpolitical officer.

Granted that it is impractical to write rigid restrictions into a charter, the real question is: Who should hold the key to flexibility? In San Francisco it is the con-

troller who is not immediately responsible to anyone for *operating* results, either legally or actually. The root of his motivation lies in the charter's compulsion to act conservatively. He has little to lose by preventing a doubtful expenditure but much to lose by approving one. Operating officers, on the other hand, have much to lose if their jobs are slowly or poorly done. It is the old antipathy between the operating and fiscal men, and if they are left alone to fight it out the result is damaging friction.

Under the present arrangement, moreover, the mayor can sometimes pass the onus for an unpopular step to the controller, who is a less vulnerable colleague. This by-pass has its advantages, of course, but it also has serious drawbacks from the standpoint of popular control.

Furthermore, the controller is in a position where he cannot with conscience keep strictly within his own province. He is the city's only over-all official except for a mayor burdened with political duties. It would be strange indeed if an officer who is surrounded with so much information useful to management, and yet who has no active chief executive to whom he can deliver it, did not feel pressed to use it himself. This is not to say that the controller's decisions are usually incorrect from the operating viewpoint; the important thing is that he has the power to make these decisions at all in conflict with department heads who are under pressure to produce.

Going on the premise that operating effectiveness is a desirable criterion of good administration as well as fiscal regularity, it seems to the writer that the scales in San Francisco have been tipped too heavily in favor of the fiscal. Furthermore, an exploration of possible escapes by minor charter amendment does not reveal a much better mean between the two extremes.

IV

WHAT, then, does this unique experiment contribute toward improving government?

In terms of municipal government, it offers a compromise which is probably tailored to the body politic of some cities better than any of the ready-to-wear forms. For those cities whose people cannot yet handle the responsibility of supporting efficient administration under a fully integrated structure, the San Francisco plan has one great advantage over others: it does insure against deficit financing and hidden expenditures as far as law can do so, placing solid obstacles in the way of "political" spending. It does not, however, encourage aggressive administration. While its built-in centrifugal tendencies have not yet pulled the administrative machine apart, this result is largely because the mayor has been successively re-elected—a condition not assured by the structure itself. In short, for cities which need a bar in the form of written mandates to keep their mayors from irresponsible financing, the San Francisco plan may have real value.

It has an even broader use. During the period of transition from a disintegrated to a highly integrated form of government, its harsh provisions may well be useful. It would put a sudden brake on flagrant waste during the period when voters were learning that this charter was not as far as good government could go—learning that the more insidious waste caused by uncoordinated energies is also important even if it does not have emotional appeal. If the people wanted to go no farther, at least they would have that much.

The answer is different for communities which have reached the point in their civic progress where citizens feel they can watch a small council of lawmakers and one administrative official. For them, the San Francisco plan seems to offer no benefits which they could not obtain under an ordinary manager charter. Even a fully integrated strong-mayor form would probably suit such cities better than the San Francisco variation. But the manager plan appears to have all the advantages of unified administrative leadership, including financial con-

trol (mandatory in its main outlines if desired), without the disadvantages that have already been described in this account of financial control in San Francisco.

All levels of government could benefit from the lessons learned in San Francisco even though the plan contributes no outstandingly new ideas to the science of public administration. It does serve as a datum on several issues, chiefly the question of insulating financial control from the chief executive. On this point the writer's conclusion is roughly the same as that reached by Mansfield in his study of the Comptroller General of the United States, and a comparison between these two offices is less farfetched than instructive. Briefly, the San Francisco controller has most of the powers of over-all management which recent surveys have recommended for the federal Bureau of the Budget, and at the same time he has all the administrative powers of the Comptroller General. The controller's independence is not quite as complete in practice as that of the Comptroller General, yet his arm reaches into a greater proportion of the agencies within his governmental unit. Clearly the biggest difference between the two cases is in the tremendous size and complexity, geographically and structurally, of the federal government. What would be major delays in the federal government become only minor annoyances in a city of small area. Yet there is a greater opportunity for interference in operating matters by

a fiscal officer in local government because personal observation and his status as a citizen are apt to make him constantly and intimately aware of municipal services. Also he is permitted a mastery of operating affairs denied to the fiscal officer of a more complex unit, and this is apt to tempt him, half informed, into debate with line officers on operating matters. Yet it does not insure (though it probably fosters) a sympathetic understanding to offset the evils of proximity. At any rate, San Francisco's experience by no means convinces the writer that the principle of an executive preaudit should be abandoned, except under special conditions. Rather it serves to strengthen a belief in that principle.

Were it conspicuously successful, the great value of the San Francisco experiment would lie in its contribution toward the solution of an old dilemma: authority versus responsibility. But, interesting as it is, it offers no further advance in the thinking on that problem than has been reached by those who devised the municipal controlled-executive (or manager) plan. The ideal still is to combine as *much* authority with as *much* responsibility as feasible. San Francisco, to date, helps to show that this object cannot be accomplished by an ingenious system of splits within each of the two elements as well as it can be by strengthening each element within its own sphere and then unifying them at the top of the administrative structure.

Administrative Regions in Virginia

By RAYMOND UHL

Acting Director, Virginia Bureau of Public Administration

VIRGINIA has long enjoyed a unique place among the states of the Union in its characteristic solution of problems of state and local government and in its lack of hesitancy in experimenting with unusual devices of intergovernmental relationships within its boundaries. City manager government had its beginning in Virginia and three of its counties have given an adequate demonstration of the applicability of the manager principle to county government. It is the rule and not the exception for all urban communities of ten thousand population and over to be given a status completely independent of the counties in which they are located.

Similarly, in the field of state government itself the state has successfully experimented with new administrative devices. To the advantage of all governmental units concerned it has worked out a system whereby the sources of revenue have been segregated between the state and its local subdivisions. Along with other states it has reorganized its administrative machinery and its budget organization is as far advanced as that of any state in the Union. Finally, for many years it has operated on a pay-as-you-go basis and the state treasury has continually shown a substantial surplus. Thus, when Governor Price heeded the call of the federal government to make provision for local civil defense and appointed his committee to study the problem, it was in the Virginia tradition for the committee to seek the best possible solution suited to Virginia's peculiar conditions and to devise a plan which would be in keeping with the state's enviable position as a pioneer in administrative reform.

The committee had three questions placed before it. Are local councils of defense needed? If the local councils are needed, should councils be created for each of the counties and cities of the Commonwealth? Should regional councils be created?

Virginia has one hundred counties and twenty-four independent cities. If councils were created for each of these, the committee believed that there would be unnecessary organization and that jurisdictional disputes might possibly result in bogging down local programs and in minimizing intergovernmental cooperation. The experience of World War I tended to bolster this opinion and the committee turned its attention to discovering a suitable regional pattern.

Of the many patterns of regional areas already being used for governmental purposes in the state only the eight highway districts seemed to be adaptable to the situation. The reasons discussed in the report to the governor for this selection were mainly the following. (1) The highway districts have state-wide coverage. (2) The principal industrial areas as potential trouble spots fall squarely within the boundaries of these regions. (3) Each is a center for the transportation facilities of the State Highway Department and a unit for the department's labor supply. (4) The ease with which other factors could be coordinated in these regions appeared to be of especial significance. All of these factors may, of course, assume considerable importance should civil mobilization on a large scale become necessary.

The committee's recommendations were accepted almost *in toto*. Slight changes were made in the boundaries of three of the regions at the request of counties concerned and the plan was put into operation. At the outset eight regions were created but their organization was set up only as occasion demanded. Geographically the regional areas covered the entire state but their organization was nuclear in character. As the functions increased in importance and more and more sections of a region were affected by defense needs, the machinery was extended to the sections concerned. All eight regions are now completely organized. However, the plan envisages a retraction of organization toward the nucleus as the tasks of the region become fewer, smaller, and simpler.

Functions of the Region

EACH region has a council appointed by the governor; included in the membership are officers of local government, county, city, and town as well as others recognized for their abilities as leaders and negotiators. The governor designates the chairman of each council and on the recommendation of a regional council appoints an executive secretary for the region. The general functions of the regional councils are the following:

- (1) to assist in the integration of the programs of the three levels of government in the regional area;
- (2) to assist in adjusting the national and state programs in their local application;
- (3) to assist in the coordination of public and private activities for defense;
- (4) to serve as a clearinghouse for information both for the benefit of local residents and for the national and state councils;
- (5) to receive and pass on proffers of assistance.

To facilitate carrying out these functions, the councils are empowered to appoint and

prescribe the duties of *ad hoc* regional committees. Where a problem must be worked out in a locality on a local basis, such as disaster planning, subcommittees of the regional committees may be created. The size of committees and subcommittees depends entirely on the need in a given case.

While police, fire, and medical units are organized separately from the regional defense system, the plans for the mobilization of these services in case of any disaster are parts of the regional defense plans and the chiefs of these services are members of the major disaster committee of the region. The task of the regional disaster committee is to study in general the individual plans of adjoining localities and, where a conflict between such plans appears, the regional committee must consider the difficulty and recommend a solution to the localities. The close cooperation between all services concerned appears to justify the regional system of organization.

Since their creation the councils of each of the regions have undertaken a variety of tasks. Both the Northern Virginia and Hampton Roads regions have carried out civil registrations. The Shenandoah Valley region has made an inventory of machine tools and shops within the area and has encouraged the organization of nursing and vocational education classes. The Radford area likewise undertook similar tasks but there the shortage of labor, the need for transporting workers daily into the area, and the need for housing a growing permanent population shifted the emphasis on the council's program to housing, health, labor, recreation, and planning. Local planning boards were set up in conformity with state law. The mayors' council, composed of all the mayors in the area, has cooperated with the regional council and on its recommendation has assisted in providing additional water, sewage, and disposal plants. Radford has inaugurated a substantial recreation program under a full-time director.

Before war was declared most of the other areas were absorbed in providing recrea-

tion facilities for men on leave from camps and providing adequate sanitary facilities around camp areas. Of course, in the Hampton Roads area the tasks were of greater magnitude. Housing, sanitation, water supply, police, fire, hospital, and other essentials needed to prepare a metropolitan area for an expanded population and a large-scale war industry have required a very extensive internal organization for the area.

Possible Future Use

ALTHOUGH the regional system is designed primarily for purposes of defense, it is perhaps pardonable for the student of public administration to speculate on the possible use of these areas for regional governments. The principal subjects with which regional councils and their committees are dealing tend to push this speculation from the realms of possibility to those of probability. It is true that the regional councils deal with and through the regularly established governmental and private agencies, that they are coordinating agencies whose job it is to advise, to serve as a clearinghouse and a sounding board for public opinion, and that they are to "help get a job done but not to administer or execute." But it is also true that they are dealing with problems of health, housing, labor, recreation, public utilities, transportation, police, education, and food supply, which are for the most part problems usually considered to be local in character. Yet the *Manual for Regional Defense Councils* specifically reminds the regions that "one of the most important and at the same time difficult jobs the Regional Councils will face is to think in terms of the entire region and the effect that the program will have on the region. While speed is essential, it is not to be forgotten that the people of the region will have to live with the results after the emergency is over."

This request for long-term planning is directly in line with the recommendation of the committee which proposed the regional structure. In fact, the Virginia State

Planning Board is now developing its long-range planning with these areas as basic units and most certainly will continue to do so even though other functions assumed during the present defense emergency completely disappear. Together with the fact that these are in the main the units through which the State Highway Department actually operates, the continuance of these geographical regions is assured in the future as administrative areas for at least these two functions of state government. How far the areas will continue as effective components in the purely local field is a matter on which one can only speculate. But there are some indications that the regions will play a part in the future of local government in Virginia. The Hampton Roads defense region may be a case in point.

The Hampton Roads defense region includes sixteen counties and seven independent cities. It has an area of approximately 4,672 square miles and its population according to the 1940 census was 535,934. All sections of this region of course have not been equally affected by the defense activity and consequently the pressing problems have arisen in those sections in and around the metropolitan areas of Norfolk-Portsmouth and Newport News. It is estimated that the population of these metropolitan areas as of November 21, 1941, had increased to 124,154 for the Newport News metropolitan area, or 50.2 per cent over the 1940 census figure, and to 349,192 for the Norfolk-Portsmouth metropolitan area, or 34.9 per cent over the 1940 census figure. These two metropolitan areas together, having a population of about 475,000, are thus faced with the problem of providing services with a plant and equipment which were none too adequate when the population was about half as large as at present. The governmental units naturally are reluctant to undertake the huge capital expenditures needed to meet this situation on their own responsibility. They reason that when the emergency is over they may find themselves heavily burdened with debts and

faced with a declining population and falling tax values. Hence, the local jurisdictions hold that the state and federal governments should bear the burden of this phase of the defense program. Both the state and federal governments are participating in this cost especially in providing new housing and for the health and sanitary needs of the area. However, both of these agencies are thinking of the problem on a regional basis and not in terms of the multiple local governmental units existing there. Hence, when the emergency passes it is difficult to visualize a return to the conditions of independent autonomous local units of government so far as these problems are concerned.

Still another element enters into the situation. In the Newport News section of Hampton Roads there has been discussion for several years of the desirability of bringing the urban areas of the Peninsula under one city government. More recently, the Peninsula Chamber of Commerce has talked in terms of including not only the urban but also the rural parts of the Peninsula under a metropolitan county form of government. This consolidation would eliminate the separate existence of two independent cities, one town, and three counties and would tend to eliminate the problems which periodically arise when urban centers find it necessary to enlarge their boundaries by the annexation process. Which if either of these possible developments materializes after the war depends to a great degree upon the effectiveness of the cooperation of these local units in the regional defense areas during the emergency.

The problems are not so clearly defined in the other regions as in Hampton Roads. The great ordnance plant in the Radford area has created a situation which differs only in that it is on a smaller scale. It has its housing, highway, transportation, education, recreation, and public service problems which spread over a number of towns, counties, and the city of Roanoke. These problems are present in other areas, espe-

cially the Northern Virginia region and the Richmond-Petersburg-Hopewell region, but have not assumed any major importance in the other four. Even in these, however, where health, recreation, and agriculture are emphasized along with air-raid precautions and disaster plans, there will probably be something left of the regional idea after the war.

The regional defense councils and their staffs are at present agents of the state and serve as a clearinghouse between the State Defense Council and the local government authorities. Such funds as are made available either from local governments or private sources are deposited in the treasury of the Commonwealth to the credit of the Regional Council. In cases where the state contributes, such as in Hampton Roads and Radford, the state must spend its monies through authorized state agencies. In Hampton Roads it uses the Port Authority and in the Radford region, the Virginia Polytechnic Institute. Should the regional defense councils be legally recognized by the General Assembly presumably appropriations could be made to the regions directly.

This possibility offers another avenue for conjecture. If the state can use regions such as these for highway administration and state planning, could it not also legally make all of its appropriations in aid of health, welfare, education, and law enforcement to regions instead of counties and cities? From the bottom of the governmental structure Virginia already has many evidences of cooperation. There are joint health units, and counties have united with each other and with cities in employing a joint school superintendent. Assuming that cooperation is desirable, the state could assist the process by giving real power to the regions. Perchance, in the long run, the regions themselves could have elective instead of appointive councils and local government would take on new life at the grass roots.

A Worm's-eye View

By VIRGIL B. ZIMMERMANN and DWIGHT WALDO

Yale University

THE fourth junior professional assistant examination, given November 29, 1941, reveals the dispatch with which the Civil Service Commission can act when pressed by a national emergency. In anticipation of an early exhaustion of the list of eligibles provided by the examination of March, 1941, the Commission announced on October twentieth that applications for the options of junior administrative technician, junior business analyst, and junior economist would be received until November third. Considering the large number of applicants for the three options named, the holding of the examination less than six weeks after its announcement marks a high point in speed of action. Furthermore, as separate answer sheets permitting machine grading were used on the entire test for the first time, new lists of eligibles will be ready for department personnel officers before the end of January.

In view of the fact that less than two weeks elapsed between the announcement and the closing date for applications, it was important to make the fullest use of available channels of publicity if all qualified candidates were to be reached. Announcements and application forms were duly sent to those on the Commission's mailing list for these options, including those whose previous applications had been rejected and those who had failed past examinations. Colleges and personnel agencies were also circularized as usual. But the heads of some university political science departments did not receive announcements until too late for their students to apply. Some applicants have complained that the shortness of time

worked an undue hardship on the students who must send their application forms to distant homes for the necessary certificate of residence. The Commission customarily permits additional time for applications coming from west of the Rocky Mountains, but the same need for extra time occurs, for example, when a student in Massachusetts has to send his forms first to Arkansas and then back to Washington. Any delay in the mails costs him his chance to take the examination.

The examination was, as usual, assembled, objective, and divided into two parts. All applicants, whatever their option, took an identical first section of eighty questions designed to measure what might be termed "general intelligence." Most of these questions were repeated from the general tests given for junior professional assistants in previous years.

Three types of questions were included in the first section. About fifteen of them were vocabulary-matching exercises, a type of test said to have shown a high validity for executive positions. Another variety required common-sense answers to such posers as: "Why do banks establish Christmas savings clubs?"¹ The two most likely choices were: "Because people save more easily for a definite purpose," and "Because people save more easily when saving is made a habit." ("To make the banks some money," was not among the options.) Almost half of the

¹ Examinees are forbidden to make notes upon the questions or carry papers from the examination room. The accuracy of our comments upon the examination is hence necessarily circumscribed by the limits of memory. We have tried, however, to confirm our statements by consulting other examinees.

questions presented a short reading selection and then directed the examinee to select from five given alternatives the sentence containing the sense of the original quotation. Here a high degree of concentration and an ability to read discriminatingly were necessary. It may be assumed that the validity and reliability of the questions in this more general part of the test have been established by statistical analysis of the results of former examinations; at any rate we have heard no complaints from contestants that they were obviously unfair. Despite the fact that they were rather heavily freighted with the terminology of economics, these questions were comparatively free of ambiguity and poor phraseology.

The typography of the examination booklets deserves comment, even if amateurs must try to judge in a field of highly developed *expertise*. Multiple-choice exercises were used in both parts. In the second booklet a series of five items was introduced by some such statement as: "Most authorities agree that one of the following is correct," or "A public reporting agency should not perform one of the following activities." The examinee was expected to select the proper item and check its symbol on the accompanying answer sheet. The change from the list form used in previous years, in which each statement began on a different line, to a paragraph form, in which answers followed one another without a break, made the test harder to read and analyze—a circumstance which may affect its reliability. At least, the increased nervous tension and fatigue produced by the added difficulty in reading the test paper may account for the fact that the three and one-half hours provided for the professional questions were hardly long enough for a number of the candidates.

It may not be irrelevant to add also that the conditions under which examinations are given affect their reliability. The room in which the authors were located was especially unsuitable. The air was stifling, but

ventilation could be secured only by opening windows which subjected some examinees to a disagreeable cold draft; voices from the naval recruiting station in the next room were clearly audible through an open door; and the raucous sounds of a Christmas parade in the streets below were most distracting. Admittedly it is more economical to hold civil service examinations in post office buildings than to provide other facilities, but when large groups are to be examined the use of rooms in a local school is likely to be more satisfactory and, by increasing the reliability of the test, should aid in the recruitment of the best possible personnel for the federal service.

Range of Questions

THE SECOND test booklet contained one hundred questions addressed to the option selected by the applicant. For the option of junior administrative technician the Commission's announcement specified that the applicant must have a bachelor's degree or have completed the required college work for this degree prior to July 1, 1942; and must show as specialized study, including anticipated second semester courses, not less than "thirty semester hours in public administration, political science, economics, history, or sociology, or any combination of these subjects, provided that at least twelve hours must have been in any one or a combination of the following: principles of public administration; personnel administration (public or private); management and supervision (public or private); public finance; public budgetary administration; administrative or constitutional law; courses in the application of public administration principles to functional activities, . . . and not to exceed three semester hours in statistics and/or accounting."

The Commission is privileged, of course, to set up formal educational requirements wider than the area of the examination. But in view of the latitude of courses which the announcement suggests will be accepted

as qualifying, and in view of the fact that students are likely to consider this list of subjects as the Commission's definition of the field of "public administration," the statement in the announcement that the professional questions will "fall in the field of public administration" fails to give an adequate indication of the narrow and specialized character of the test.

We can best indicate the narrowness of its scope by attempting a general, albeit arbitrary, classification of the questions according to subject matter. Where memory permits, typical questions or answers are cited. The problem of classification is complicated by the mingling of several subjects within a single question. For example, a knowledge of personnel practices, purchasing, and office management might be required in order to select one correct statement out of five options having only the formal relationship of inclusion in the same question. Nevertheless, our classification attempts to reflect the proportion of the whole test given over to each of the following subject-matter fields. The largest category (15) consisted of questions primarily concerned with what might be called the theory of administrative organization. Propositions relating to the relationship of line and staff, to the location of auxiliary agencies, to "proper" integration, and to departmentalization on the basis of purpose or process belong in this class. Another large group (12) involved problems of budgeting and accounting. The budding administrator was asked the type of activity in which a "force account" is used, how social security reserves are invested, and whether or not it is advisable to unite personnel and budget functions in a single bureau of a small integrated finance department. At least ten of the questions involved technical aspects of office and personnel management such as: "Can one man supervise more clerks answering routine correspondence or more card punch operators working on material which has already

been coded?" and "What is the disadvantage of a quasi-apprenticeship training for semiskilled workers in a large plant?"

Probably not more than eight of the questions required merely a general knowledge of federal administrative organization. Typical questions were: "In which of these commercial activities does the federal government not engage?" "Which of these is not in the Executive Office of the President?" "Which of the federal offices and agencies has the duty of research on problems of administrative management?" About seven questions dealt with two topics in civil service administration: the ideal relationship between the over-all personnel agency and the departmental personnel office, and the jurisdiction of the federal Civil Service Commission. Five problems in administrative law were posed. One required a knowledge of the rule that the petitioner for judicial review must first exhaust his administrative remedies; another, the uses of the various common law writs. There appear to have been about four questions in each of the fields of departmental management, popular and legislative control of administration, and purchasing. Two bibliographical questions required a general knowledge of the contents of such federal documents as the *Federal Register*, the *Code of Federal Regulations*, and the *Congressional Directory*. There was but one question in each of the following fields: political theory, economic theory, constitutional law, and comparative (English) administration.

The last twenty-five questions of the professional test were of a kind not hitherto utilized for the administrative technician option. They constituted an exercise in "official English," evidently designed to measure skills used in preparing reports and documents. Four paragraphs from one of the monographs¹ of the Attorney Gen-

¹ *Administrative Procedure in Government Agencies: The Railroad Retirement Board*, Senate Document No. 186, Part 8, 76th Congress, 3rd Session, pp. 33-34.

eral's Committee on Administrative Procedure were presented in a garbled form. Each sentence was then listed with four alternatives. The examinee was directed to determine, on the basis of grammatical correctness, clarity, and effectiveness, whether or not one of the alternatives was "clearly" superior to the first sentence. A test of grammatical skill and of the feeling for good style undoubtedly has considerable relevance to the type of work which administrative technicians may be expected to do. The inclusion of such a test in this examination, therefore, constitutes an improvement over the purely factual type of examination previously given.

We cannot agree, however, that the selection of these particular paragraphs from the monograph on the Railroad Retirement Board was an especially happy one. Since diction and phraseology are at best largely matters of taste, one of the alternatives presented must be indisputably superior to the others or chance rather than knowledge and ability will determine the scores. In some of the questions, however, all the options violated literary canons to such a degree that the selection was of the least bad rather than of the demonstrably best. For example, one of the statements in the monograph reads, "Of the more than 7,000 jurisdictional questions thus far disposed of, only 194 have been referred to the Board directly by the General Counsel's office for an opinion." This sentence, it seems to us, contains not less than three defects; the dangling "of" at the end of the introductory phrase, the burying of the important figure "194" in the unemphatic middle of the sentence, and the separation of the phrase "for an opinion" from the words "to the Board" with which it euphoniously and logically belongs. Two of the choices were conspicuously worse; and in neither of the other two was more than one of these faults eliminated.

Another sentence taken from the monograph is, "After determination, the name

of the employer, or the class of employees, is added to a list which is distributed to the Board personnel, for consultation in each case." The words "in each case" are meaningless for there is no ascertainable referent for "each." What case? This particular case? Future cases? If so, then why not say so? The comma after "personnel" only adds to the confusion. Yet to the sentence as quoted here there was but one plausible alternative, differing only in that the words "in each case" were inserted after "which." This sentence is clear and significant, but the obvious change in meaning from the original should eliminate it as a possibility. What does the Examining Division gain by differentiating between the examinee whose discernment refuses to permit him to select the sentence with the altered meaning and the examinee whose sense of style is stronger than his perception, especially when it is trying to test both for comprehension and for use of language?

We hasten to add, however, that not more than four or five of the twenty-five examples displayed serious flaws.

Emphasis on "Scientific Management"

A PART from the addition of this section on "official English," there were other changes from the administrative technician examination of last March. (A few of the professional questions appear to have been repeaters.) This year considerably more emphasis was placed upon problems of state and local administration—a general knowledge of the national government and its workings had less scoring value. Much less emphasis was placed upon law, more upon the professional and technical aspects of administration. There was, to be specific, a decidedly scientific management flavor in the questions.

If public administration is where you find it, if the thesis is accepted that administration is a constant at all levels of government, this shift in emphasis may be logical and also desirable as a matter of fairness to

the large number of students whose course of study has directed their attention primarily to state and local administration. We do not stop to argue whether it is merely an irrelevant circumstance that the successful candidates are after all presumably to be employed by some agency of the national government. But the fact that the test can be thus shifted in emphasis raises afresh the problem of what public administration is and poses again the urgent question, "Who is to define the field?" The difficulty of the experts in the Examining Division can be appreciated. They find little guidance in formal attempts to define public administration for these are vague and inconsistent with each other. If they turn to college, graduate, and professional curricula for their criteria they must be bewildered at the variety of subjects under the rubric public administration.

This problem of defining the field of public administration and of defining the subject-matter content of a civil service examination is not "academic" but is instead of great academic import. Every testing program acts as a rudder to some part of the educational system. To the extent to which government service becomes an attractive career and students and faculty regard college political science and public administration courses as job-preparatory, there will be pressure upon curriculum-determining organs to give these courses job-securing value. As sometime teachers we have felt on the back of our own necks the hot breath of student opinion on this subject. Those who devise the questions for the junior professional assistant examinations must be aware that the questions they ask will affect what is to be taught in college courses. The curriculum-making aspect of their work entails a responsibility that should not be lightly regarded.

Because of the potential influence of examinations upon college courses, we are inclined to question, first of all, the near elimination of questions on the legal aspects of administration. It may be true that

ideally administration should be free from the obstructions and irrelevancies of the law. At least there can be no doubt of the antilegal bent of many professional students and practitioners in the field. There is cogency in the argument that legal and administrative skills are different in source and intent and should be separately recruited. But, on the other hand, it is possible to assert that insofar as our public administration *does* move and have its being in an intensely legalistic environment, knowledge of the legal milieu is a valuable quality in an "administrative technician." And, consequently, courses in administrative and constitutional law should be embodied in every "administrative" curriculum. In any event, there is doubt about the simple honesty of an arrangement whereby a student can meet the specific educational requirements for a position by showing twelve hours in constitutional law and yet be confronted by an examination containing only one question drawn from that field. Students are people, and as such are entitled to a warning if it is highly probable that they are wasting time laboring over lengthy application forms, "boning up" for, and devoting a day to an examination outside the scope of their training. Warning in the general announcement that the professional questions will be in public administration is not enough, for, to repeat, what *is* public administration?

This comment upon the indefinite meaning of public administration as used in the announcement applies a fortiori to the present practice whereby applicants are notified as much as three months after the examination that because of their inability to meet the formal educational requirements their efforts have been in vain, their papers will not be graded. Perhaps in times of emergency such procedure may be justified by the needs of the service, but in normal times much ill will could be avoided if the routine check of qualifications were made before the release of admission cards.

Wording of Questions

WITH respect to the examination itself, it is our opinion that the wording and general make-up of many of the questions are not impeccable. In perhaps a majority of the first seventy-five professional questions, the answer is made to turn upon such weasel words and phrases as "most authorities agree,"¹ "sound principles of," "most justifiable statement," "chief advantage of," "most likely to," etc. In many cases a reasonable man might have legitimate doubts concerning the validity of the presumptions upon which the choice of answers rested; or he might have valid doubts that in the abstract and unqualified form in which the alternatives are presented there is any "best" answer. The force of this criticism is, of course, reduced if credit is given for second or third best answers—a matter upon which we are uninformed.

An objection to the necessity of accepting the preconceptions (chiefly the canons of integration) upon which many questions rested in order to get the "right" answers is perhaps untenable. One accepts the axioms of Euclid when taking a test in plane geometry. Still, it may be that the two disciplines are different in their essential (philosophical) nature; certainly few people would hold them equal in authoritative-ness and internal consistency. Since a number of prominent writers on administration have recently expressed dissatisfaction with the "principles" approach, students may have cause for objection when asked to identify sound principles of budgeting, financing, or personnel administration.

Putting aside our disagreement with the frame of reference within which the questions were constructed, it is still possible to object to their extremely hypothetical nature and to their insistence that matters of opinion be treated as matters of fact. That appeal from a public utility commission to

the courts *should* be by certiorari rather than by right (or the contrary), or that a trial examiner *should* report recommendations as well as transmit the record to his superiors (or the contrary)—these are not simply true or false. They are propositions upon which honest, learned, and intelligent men disagree. Nor is it patent that a positive or negative statement about the right of appeal is "more true" than a positive or negative statement concerning the recommendations of a trial examiner.

As another example, take the question regarding the chief advantage of the licensing device from the standpoint of administrative efficiency. Three likely answers emerge from the five: that it allows the administrator considerable discretion; that it compels the applicant to demonstrate that he meets the required specifications; and that periodic renewal exposes illegalities. Here all the vital juices of administration have been squeezed out, and we are asked which of three heaps of mangled pulp and husk is the best orange. The examinee must select his answer apart from considerations of particular state, national, or local laws, apart from considerations of different structural and procedural arrangements, apart from differences in personnel, apart from the influences of a particular political climate, apart from the habits and mores involved in the multitude of activities to which licensing is applied. The question as presented is hypothetical, abstract, artificial.

Is it the right answer that licensing allows considerable administrative discretion? This is a virtue—if administrative discretion *is* a virtue in the particular situation. There was general applause when the Supreme Court not long ago denied Mayor Hague the discretion to refuse the CIO a license to hold a public meeting in Jersey City. But discretion is not a virtue peculiar to licensing. Moreover, the discretion may be much or little, depending upon the particular legal grant of power, and it may be more—or less—wisely and vigorously

¹ Who *are* the authorities, who determines their authorityship, and are authorities measured like potatoes?

exercised depending upon the administrative personnel. Is the answer, then, that it puts the burden of proof upon the would-be licensee? The burden of proof in practice often amounts to nothing more than asking for—or buying—the license. Perhaps the fact that the licensee puts on his “best front” when he appears before the licensing agency, whereas he may be caught in violations by inspection, makes the burden of proof aspect of licensing a debit rather than a credit. The mention of inspection recalls to mind the fact that regulatory devices are not often used singly, but that several closely interrelated administrative procedures, each depending upon the others for its effect, usually form a single administrative pattern. Is it the right answer that periodic renewal exposes illegality? That depends upon the amount of checking up done before renewals are granted. Many kinds of licenses are not upon a periodic renewal basis whereas many other kinds of regulatory devices call for timely check ups. Questions and answers such as these dispel our surprise at the claims of able students that they did not make a “fair” score until they had taken the junior professional assistant test a second time and had schooled themselves in the meantime to put aside the refinements of their knowledge and to select the elementary, obvious answers. In administration, as in law, general propositions do not decide concrete cases. The starry-eyed, the parrot, and the hypocrite will reap the advantage of the premium thus placed on uncritical acceptance of the dogmatic generalizations of the textbooks.

In assessing the validity of the test—“the degree to which it measures the ability it is

designed to measure”—we are handicapped by our lack of precise information as to its actual purpose. Despite our criticisms, however, we should say that there will be a definite correlation between high scores and the ability to assume immediately the duties of subordinate administrative posts. The new lists of eligibles will not draw from operating officers complaints about Bright Young Things who can parse Greek verbs, discourse on the evolution of Parliament, distinguish between the general and the specific theories of relativity, but “can’t add a column of figures.” It would be invidious of us to ask whether or not the test could have been so designed as to give more assurance of identifying candidates likely to be good administrators five, or twenty-five, years hence. It must be recorded, however, that the examination does not reflect the outlook of those who hold with Felix Frankfurter that “our institutions of higher learning must be training schools for public service, not through utilitarian courses, but by the whole sweep of their culture and discipline.”

It must also be recorded that the test does not lend encouragement to those who hoped that in the junior civil service examiner and social science analyst examinations they were witnessing the beginning of a system under which the best of our college students, irrespective of their field of study, would be drawn into the public service. Instead, the present examination indicates a victory for our traditional recruitment of persons immediately able to perform the duties of specific positions, and a triumph for a particular point of view as to the meaning of public administration.

Reviews of Books and Documents

Organization for Overhead Management

Mr. Paul H. Appleby and Mr. Arnold Brecht Discuss the Latter's Proposal that Federal Operating Bureaus Be Separated from the Departments in which They Are Located.

EDITOR'S NOTE: Mr. Arnold Brecht, in his article, "Smaller Departments," in the Summer, 1941, number of *Public Administration Review*, proposed that operating bureaus be separated from their departments and given a more detached status for their day-by-day operations, that the departmental organizations themselves contain smaller units for staff services, and that a number of "subject-matter aides" be assigned to help the Secretary control the policy and administration of the separated bureaus.

The publication of this article led to an exchange of correspondence between the author and Mr. Paul H. Appleby, Under Secretary of Agriculture, in which many interesting administrative aspects of Mr. Brecht's proposal were discussed.

Public Administration Review asked permission for the publication of this correspondence, which Mr. Appleby and Mr. Brecht were kind enough to grant. The letters have not been edited except for minor deletions required by considerations of space.

November 13, 1941

DEAR DR. BRECHT:

I returned a few weeks ago from a European trip, and consequently there has been delay in acknowledging copies of articles you have sent to me. I was able to read more carefully the one from the summer issue of the *Public Administration Review*, entitled "Smaller Departments," and I feel moved to offer a few comments for whatever you think they are worth.

I have a general feeling that your terminology emphasizes unduly a "separation" of bureaus from departments, whereas your real concern is in making manageable the central, top job—the organizing of a whole department on successive levels of abstraction, and the consequent delegating from the top to successive levels and through various channels.

I don't object to your use of the word "separating," because this kind of discussion will tend to make clearer something which needs to be made clearer about the importance of hav-

ing most determinations made by people other than the political head of a department. Even our best newspaper men and most intelligent people in the country fail to understand this; there is a great personalizing of all actions taken in any department, and something would be gained by institutionalizing public conceptions. On the other hand, my own approach to this question is from a different angle, and takes different word forms. The fundamental question is how a Secretary may direct a big and complex department. And this can be done for the most part and in the long run only by the Secretary coming to see that he must act only "on the secretarial level," must look to other people to make the bulk of all decisions.

The trouble is that there are no absolute ways of saying all of these things. It is true in general that the Secretary should make general rather than specific determinations. And yet some specific determinations are so big as to have the general nature that requires secretarial handling. Again, some specific things of not too great intrinsic importance take on a political or public relations character that gives them a certain general character and requires secretarial management. Still again, there are great differences in the ways in which heads of departments operate; some have a keen perception of and interest in all kinds of specific actions, and are unable uniformly to dissociate themselves from individual actions. This makes for a raggedness in delegation, an unevenness in degree of abstraction in the conduct of affairs on various levels. If department heads would understand that these individual matters, which in some fashion are exposed to them in such way as to lead them to give some specific management, are to be regarded as samples, they could be made to contribute to the more generalized administration of a department,

and the ragged effect is minimized. A certain simplifying process is important to administration, but there should be a recognition of the fact that one is dealing with samples and not trying to handle the type of action represented by the sample uniformly or whimsically on the secretarial level.

The whole question of how to organize around the head of a department seems to me to be an enormously more complicated subject than the one you have pursued. And the line you have formulated seems to me to have greatest value only if taken in connection with other discussions of this over-all and central problem. If there is an understanding approach to the general problem of administering a department, it seems to me that the separation of bureaus from the department proper becomes an incidental matter, actual in a sense, and not actual in a sense, just as you have indicated. Consequently, it seems to me that your approach is much too exclusive and tends to a distortion of one's view of the problem as a whole. Even a discussion of decentralization, which is a much more comprehensive approach to the problem, in my view, is only a segment of a larger discussion. And I am inclined to think that each of the segment discussions needs to refer to the larger problem if the segment is to have as constructive an effect as is to be desired.

Sincerely yours,
PAUL H. APPLEBY

November 18, 1941

DEAR MR. APPLEBY:

. . . I am in full agreement with almost everything you write. Having been in positions on the secretarial level for more than twenty years, I am of course aware of the fact that form of organization is only one of many factors that count in good administration. Spirit is more important than form. In the United States the spirit is often better than the organization, while in Europe often a poor spirit has been poured into excellent machinery. Such a genial discussion, for instance, as you and your staff held with me at your office about Easter time in quick response to novel ideas, and your present letter, would have hardly been forthcoming in Europe in a similar case. I need not tell you how much I appreciate and prefer the American way in this respect. This is one of the many things Europe should learn from America.

Your term, "successive levels of abstraction," seems very useful to me. I also share your concern about the "great personalization of all actions taken in any department" by the newspapers and your opinion that something would be gained by institutionalizing relations that otherwise are misunderstood by the public. I fully agree that the department head will best be able to direct a big and complex department if he acts only on "the secretarial level." It is exactly this desirable habit which I think will be promoted by "institutionalizing" the detachment of the secretarial from the operative level. Not only will public opinion then better understand the reality of administration, but also the department head will thereby be kept from getting too easily entangled with details of operation.

On the other hand, you are certainly right in saying that sometimes specific determinations require secretarial handling, but that such cases should only be regarded "as samples," and that one should not try to "handle the type of action represented by the sample uniformly or whimsically on the secretarial level." My awareness of this point follows from page 366 of the article. I intended that to be one of its main points.

In fact, the more one thinks of it the more does the larger problem finally end in an organizational one, because otherwise it may well be that *some* departmental head will keep the right abstractive detachment, but the next one, or the one in the neighboring department, will not.

I admit that the terms I have used of "separated yet subordinate bureaus" and "departmental headquarters" are somewhat awkward. Your way of speaking simply of how to organize the secretarial level within the department sounds much better, although it may be hard to go on systematically without making the detachment of the secretarial level in some way visible, or expressive, by the use of detaching terms such as those offered by the military terms of headquarters and general staff, not to speak of the European "ministry." There must also be room on the secretarial level for the more systematic use of subject-matter aides. . . .

As a matter of fact, subject-matter aides do, of course, exist sporadically at many places within the federal administration. The Bureau of the Budget employs them for the departmental

November 28, 1941

DEAR MR. BRECHT:

I am much stimulated and pleased to have your discussions, and in an effort to advance our mutual thinking I am going to attempt in this letter to formulate somewhat more provocatively one or two of my comments on your formulations.

In the first place, one reason why I resist your emphasis on separation of operating bureaus from the departments is because throughout my stay in Washington I have been impressed with the fact of too great separation on the part of the bureaus from the departments. . . . My point is that administration of the affairs of government is necessarily so complicated a thing that any single simplification of the problem, such as an emphasis on separation of the bureaus, tends to becloud the real nature of the problem, which is to get a sufficient unity and a sufficient coordination of all the multiple activities and at the same time to delegate sufficiently so that each level of the higher responsibilities may be manageable and so that the end-product job may be sufficiently adjusted to the needs of the citizens and the areas for which and in which we work. Actually, in practice, the bureaus are too separate from the departments to be sufficiently responsive to the needs for adjustment to each other and to the rest of the government. . . .

Therefore, I feel that the total job is one of drawing the bureaus closer, just as much as it is a job of pushing stuff out through the bureaus. When any bureau represents hundreds of millions of dollars a year in expenditures and has associated with it tens of thousands of persons, the over-all management of the pressures and the momenta represented by such an organization requires a great deal of power, a great deal of supporting and balancing structure. I sincerely believe that your discussions seriously miss the needs for departmental and governmental integration as they exist when government in its various parts engages in as many extensive action programs as does our government.

Similarly, it seems to me that the emphasis on subject-matter specialists leans a terrific and impossible weight on very thin reeds. Actually, I believe the job in our Department would be less well done if we had subject-matter specialists in the way you describe them. . . . One

budgets, each department or group of departments being the subject matter of one aide. The Materials Division of the OPM uses subject-matter aides for individual materials, such as textiles, lumber, pulp, rubber. Arrangements are similar in the Production Division. In every department most of the bureaus use subject-matter aides for their planning and supervisory activities in their operating divisions. Numerous assistants in the secretarial offices of the regular departments have exactly the functions of aides for specific subject matter. Many other illustrations will readily come to mind.

Yet just at departmental headquarters, that is to say at that critical level where they could be most effective, there is no systematic organization according to the subject-matter-aide principle. Instead, a few subject-matter aides, heads of auxiliary services, and chiefs of operating services are fused in such a way as to spoil organizational clarity and condensation.

If the subject-matter-aide principle were carried through consistently, the secretarial level, composed of those aides and their coordinating superiors, would form an all-comprehensive body, flexible and adaptable, able to cope with the most dynamic expansion of business, and easy to manage. Each aide would be used in his field in a fourfold capacity, viz., as a storehouse of secretarial experience within his subject area, as a liaison officer with respect to the operating bureaus (if any), as a planning aide not inhibited by executive details, and as an interdepartmental watchdog and negotiator. The auxiliary services of the department would be included as functional aides. The chiefs of the operating bureaus, however, would concentrate on operation and would, as a rule, not be included among the secretarial subject-matter aides. This would lead to a better division of labor and to a calmer "headquarters" atmosphere at the secretarial level. It is not necessary to create many new positions. Additional subject-matter aides can, as a rule, be detailed from operating bureaus to the secretarial level.

In concluding, I wish to thank you for your interest in what we agree is only one side of a larger problem, and may be overestimated by me. Unfortunately I was absent when you spoke in New York recently. I was so anxious to hear you.

Sincerely yours,
ARNOLD BRECHT

reason is that by the time we reach the departmental level the problem is how to relate the specialized fields to each other, and to divide so nearly around the Secretary the activities into groups of special subjects that are not really so divisible would make for a less well-managed, less well-coordinated, less well-integrated job. There must be in that level something that can't be so simply and definitely organized, something that must function on a reciprocal, intuitive basis, reflecting department-wide acquaintance on the part of successively smaller groups reaching up to the secretarial apex.

In a very minor way, your point on subject-matter specialists that "it is not necessary to create many new positions," seems to me to be trivial and not true. That is to say, I don't believe it would matter if we did have to create a dozen new positions of that sort, and that detailing people from the operating bureaus to the secretarial level would not obviate the necessity for creating the new positions; the positions formerly occupied in the operating bureaus would have to be filled. I feel sure that better administration in the levels we are talking about does involve hiring additional people. I go on from that to being confident that the better administration of departments and government is an intricate process of back and forth and successive elevation to successive levels, and that your discussion instead of clarifying really tends to divert attention from this basic and universal problem of administration in a field that is so inherently big and complex. . . .

Administration of the present defense effort reveals clearly, I think, the very problems I have been talking about. The defense effort ramifies into every avenue of American life, and it cannot be administered with high success except by a process of very intricate coordination; yet that intricate coordination is not possible in new agencies, it isn't possible in the hands of people newly brought into government. That process of coordination and integration is not one that can be readily described, but must be in considerable degree something that grows. It is for the lack of such growth that governments resort to arbitrary methods and to fragmentizing of jobs into specialized responsibilities that create stresses requiring subsequent managerial revolutions.

At this point I am inclined to dictate again the paragraph with which I concluded my letter to you of November 13. That paragraph was read by several of our best people, who said they didn't know what it meant. I can't rely on it, therefore, as a means of making myself clear. This whole letter is an amplification. And what I meant to say in that last paragraph is what I have meant to say in this letter. Another way might be simply to say that I believe our governmental activities are so much more numerous and so much larger in total size than can be managed, or even advanced by a process of further separating bureaus from the departments that I'd much prefer to see discussions in quite different terms. I wish I could make myself clear. I think you might organize my thinking for me if I could first communicate it to you.

With high regards, I am

Sincerely yours,
PAUL H. APPLEBY

December 21, 1941

DEAR MR. APPLEBY:

Several adverse circumstances have delayed the expression of my gratitude for your generous letter of November 28. If that letter was provocative at all, as its initial passage announced, then 90 per cent of what it provoked was agreement. Even the small remainder seems to testify to difficulties in expression rather than to a genuine controversy. May I sum up my response to it, thus continuing our mutual attempt at clarification?

First of all, I fully subscribe to everything you have said about the need for departmental and governmental integration and coordination. It would indeed be strange for someone who came from German administrative tradition if this were otherwise. If for the sake of that necessary coordination you reject "separation" of operating bureaus from headquarters, the fault is all with my use of the term of separation. I did not think of diminishing coordination, but wanted to increase and facilitate it. To make the subordinate character of the bureaus clear I actually used several times the complicated form of "separated-yet-subordinate bureaus." . . .

Therefore I would like you to forget all about the term of separation and to think of the matter in terms more congenial to your own vocabulary, such as organizing the secre-

tarial level. The main point remains the same. As it is not feasible to slice the large departments vertically, because the number of departments must not be increased, the only way of reducing the size of headquarters is by a horizontal slash, that is by creating a kind of "ministry" out of the top level.

As to the kind of aides which must be systematically developed to make this horizontal top level possible, there is no conflict in our views as to their functions and desirable qualities. A mere name once more seems to becloud basic agreement. The term I have used was however not quite so bad as you make it. For I did not speak of subject-matter "specialists," as you quote me, but of subject-matter "aides." Actually I fully agree with you that they ought not, or at least need not, be specialists regarding the subject matter, because as you rightly say, "There must be on that level something that can't be so simply and definitely organized, something that must function on a reciprocal, intuitive basis, reflecting department-wide acquaintance on the part of the successively smaller groups reaching up to the secretarial apex." "Exactly so. These aides should, therefore, be specialists not in subject matter, but so to speak, in coordination, in department-wide and even government-wide acquaintance with governmental problems. Matters must be divided among them according to subjects only for the sake of orderliness, because such division alone makes consistency, exploitation of accumulating knowledge, reliability, and coordination possible with an increasing number of such aides. . . .

The British call this kind of aide "principals" or "principal clerks," the Germans, *Referenten* or *Sachbearbeiter*. All of these are neutral expressions, quite useful because of their very neutrality, but not here understandable. The college background of the British principal may often be classics or mathematics. On the Continent, it would be law in most cases. Rarely if ever will it be specialization in the subject matter under their care. These aides become rather "specialists in administration" in the higher sense of the term, in which sense it signifies an art rather than a science. They will become specialists in some subject matter only insofar as particular problems of public administration with regard to that subject matter are involved. . . .

Christmas being at the doorsteps, I want to conclude this letter with the expression of my warmest wishes. My admiration for the work done by your Department and for your outstanding share in it, makes me of course particularly grateful for this exchange of views about one of the great administrative problems of our complex time.

May the New Year surprise the world by early good news.

Sincerely yours,
ARNOLD BRECHT

January 1, 1942

DEAR DR. BRECHT:

Your letter of December 21 is a most satisfying one. It makes me, too, altogether certain that our difficulty has been in communication, and I feel now that this difficulty has been largely eliminated.

One other line of thought I am inclined to follow, which will refer particularly to the [last sentences of the third and fourth paragraphs in the letter as printed].

In general, I believe that our difficulty in communication has grown in part out of my feeling that you have tended to oversimplify our problem, and partly out of differences in the extent to which we have separately been impressed by the size and complexity of the problems under discussion. Perhaps it would be helpful if I should first recount just a few of the elements in our size as a means of leading up to and emphasizing the comments I shall make more directly about your two sentences to which I have referred.

We do not have ten thousand employees, but fully ninety thousand full-time employees directly hired and subject to discharge by us. We have in addition a hundred and twenty thousand community and county committeemen working for the Agricultural Adjustment Administration on a per diem basis. We have in addition some ten thousand committeemen serving the Farm Security Administration in a moderately analogous way. We have also some eight thousand corporations associated under a loose federal sponsorship centered in the Farm Credit Administration. We have some seven hundred rural electrification cooperatives subject to a certain control centering in the Rural Electrification Administration. We have relationships with the land-grant colleges in the various states and the Extension Service as arms

of the colleges and themselves also associated with county governments, and in some states with the Farm Bureau Federation. Altogether, counting these associated things which the public regards as subject to our control, there are some seventeen thousand field offices.

We have, therefore, a department already highly decentralized and we have scores of areas of departmental functioning not now covered adequately or at all, areas in which *stimulation* at least would have to be departmental responsibility, even though application could be decentralized.

While, then, we have a large field for development of decentralization we have also a large field in which departmental and governmental character and functioning are inadequately established. . . .

I do not know just what you mean by "reducing headquarters in size by a horizontal slash." If you mean reducing the number of persons reporting direct to the Secretary, I agree, of course. If you are thinking of reducing the number of personnel engaged on the departmental front, I disagree. The need on that front to do things not now done is greater than the possibility of delegating and decentralizing to the bureaus things now done departmentally.

The formation of the ministry as you discuss it describes the *nature* of the need but seems to me to miss its extent. One gets a picture of a handful of subject-matter aides around the Secretary, and some reduced staff offices of personnel, finance, etc., as the total ministry.

I find it hard to think of this horizontal level as made up merely of subject-matter aides because that phrase suggests bureau subject matter, and this in turn suggests a simple narrowing of the spread over twenty-odd bureaus to a group of four or five persons each spread over four or five bureaus. I think rather of one level of subject-matter aides so spread over bureaus and another level of aides responsible with respect to functions that are themselves department-wide and government-reaching. The Secretary finally operates over the whole field, and his necessities are such that he will and must have around him a few men who tend also to operate over the whole field, and others

who operate with respect to certain functions over the whole field.

The thing I am inclined to feel most certain about is that no Secretary can administer such a department as this simply through bureau chiefs or through aides whose responsibilities are over groups of bureau chiefs. There must be some collateral or parallel lines of control to push against the whole vertical structures of the bureaus in moving the bureaus into closer association and harmony. And immediately around the Secretary there must be a special means for converting matters that come from the special bureau pyramids into the general. A merging of the special bureau products with the special-function office product is a step, but an incomplete step, toward converting specific into sufficiently general material for secretarial handling. Theoretically, if the number of special-function offices is sufficient, their joint product operating on bureau submissions is sufficient, but if the number is so great the whole group is again too large for secretarial management, and there emerges still another level for coordinating these people and functions and thereby translating the material into secretarial material. The group immediately around the Secretary may tend to specialize, or even more may tend to act like specialists, but I think they will tend, and will have to tend, to function over the whole field.

I don't see clearly the solution to the picture I am trying to paint. But what I am saying is that I don't believe a Secretary could function well in a department like ours working through aides and/or bureau chiefs functioning with respect to clusters of bureaus plus aides in the field of personnel and finance. I think it takes something still in addition, something important and not described or hinted at in your discussions.

I think this letter may put us finally in a position where we find difficulties of communication really quite completely eliminated, and I do wish you to know of my very great appreciation both of your spirit and of your extraordinary comprehension.

Sincerely yours,
PAUL H. APPLEBY

The Public Utility in Britain

MUNICIPAL TRADING: A STUDY IN PUBLIC ADMINISTRATION, by HERMAN FINER. George Allen and Unwin, Limited, 1941. Pp. 431. 16 shillings.

IN A WORK entitled *Municipal Trading: A Study in Public Administration*, Dr. Herman Finer of the University of London has made an important contribution to the field of public administration. He deals not alone with the methods of handling municipally owned and operated public utilities but also throws light on the administration of local government and incidentally on certain of its relations to central authorities. The title *Municipal Trading* has to do with the management and operations of the following utility services: transportation, water, electricity, and gas. The subject is treated broadly and most comprehensively, the first section being devoted to a discussion of the historical background and legal framework of municipal utilities. The author then discusses the several factors entering into production, again very broadly interpreted, including as it does methods of financing, administration and personnel, the areas and technology of the several utility undertakings. This is followed by a consideration of rates and salesmanship. In the final section Dr. Finer makes a number of interesting observations concerning the advantages and disadvantages of public operation of utilities with special regard to the criterion of efficiency. In this connection it may be noted that the author is an outspoken proponent of public ownership and management. He makes his case in a very effective manner, not alone in the final section but also in earlier chapters where the argument is buttressed with a considerable amount of statistical data and factual material.

In the general survey of *Municipal Trading* the American reader will be struck by the scope and significance of the four selected utilities in the municipal economy. A rough index is to be found in the fact that of total municipal expenditures, including amounts derived from rates, grants-in-aid, and "trading services," about one-fourth is assigned to these services. The four under review in this work absorbed £110 million of the total of £131 million in 1936-1937. In terms of pounds each of the four more than doubled its expenditures from 1913-

1914 to 1936-1937. The expansion in electricity was nothing less than phenomenal in the period, the expenditures increasing from some £5 million to over £48 million. In 1913 municipal enterprises sold 897 million units, while in 1937-1938 they disposed of 12,121 million units.

Instructive to Americans are comparisons between public and private enterprises in the several utilities (see Table 1).

These figures bear witness to the extent to which public authorities have taken over the direct management of the four most important utility enterprises, in sharp contrast with the situation in the United States.

TABLE 1
VOLUME OF PUBLIC AND PRIVATE MUNICIPAL
UTILITY ENTERPRISES, 1936-1937

| Utility | Number of Companies | Consumers or Proportion of Output |
|---------------------|---------------------|-----------------------------------|
| Water | | |
| Public Authorities | 838 | 27,000,000 |
| Private Companies | — | 6,000,000 |
| Gas | | |
| Public Authorities | 235 | 3,170,000 |
| Private Companies | 432 | 7,000,000 |
| Electricity | | |
| Public Authorities | 339 | 65% of kwh sold |
| Private Companies | 210 | 35% of kwh sold |
| Municipal Transport | | |
| Tramways | | |
| Public Enterprises | 62 | 2,200,000,000 (a) |
| Private | 16 | 110,000,000 |
| Trolley Busses | | |
| Public | 54 | 432,000,000 |
| Private | 5 | 63,800,000 |
| Busses | | |
| Public | — | 41% |
| Private | — | 59% |

(a) Passenger journeys.

The American reader is bound to be impressed with the difference that obtains between the conditions and methods of managing utility services by public authorities in the United States and the English municipalities. This contrast may be illustrated by reference to the agencies of control. Dr. Finer makes the point that the British people have not experi-

mented to any material extent with such an organization as the public service commission as a medium of regulating the public utilities. Although he does not develop the subject, he shows little regard for the American public service commission. In fact, he is overly severe in condemning our utility commissions as they have sought to control privately owned and operated utility services. In his words, "Their history (i.e. private undertakings) is a shocking record of litigious, crafty and sometimes gangster methods of escaping control." This indictment is undoubtedly true of many companies in the past. By implication it suggests the utter ineffectiveness of the utility commission device. However, it falls far short of telling the story concerning the success or failure of the public utility commission as an agency of control. Even by implication such an indictment is distinctly not warranted.

In England the immediate control is vested in committees of the municipal council whose businesslike methods and sense of responsibility to the consuming public come in for a large measure of praise at various points in the study. Local management is, however, far from independent and self-sufficient in that the following agencies of the central government "exercise a permeating control": the Minister of Transport for local transportation systems, the Electricity Commissioners for the electrical supply, the Board of Trade for the gas industry, and the Minister of Health for water, with Parliament always in the background. These agencies exercise supervision of finances, loans, acquisition of land, the setting up of joint authorities, and related matters. From the American point of view the necessity of going to Parliament whenever the above central agencies of government have not the power under general laws to authorize certain proposed actions appears to be an unduly cumbersome procedure. The author cites the instance of a bus company which went beyond the authorized route by some forty feet in order to turn the busses around. This action resulted in a case before the High Court. If a municipality wishes to change an authorized form of transportation as, for example, from trains to busses, it must seek approval through a private act in Parliament. The expense of securing parliamentary approval for new enterprises of moderate dimensions is said to run at times to several thou-

sand pounds. The procedure involves an unduly heavy burden on the municipalities concerned both in time and costs.

In regard to the administration of local companies, one cannot but be impressed with the extent to which high professional and technical standards are maintained. Apparently the committees in charge of the different utility services are accustomed to limit themselves to a policy-determining function, while the professional managers and engineers enjoy a relatively free hand in the execution of policy. These operating officials, according to the author, are motivated by high standards of public service; they are appointed by merit on the basis of professional and technical training; they are characterized by pride in their calling and their professional standing with their fellows; and they customarily show initiative and enterprise in the conduct of their work.

There are a number of references to the contributions of professional associations of these officials. Such organizations apparently play a considerable role in the matter of maintaining standards and of developing the municipal services to an advanced degree of proficiency. This is particularly striking in regard to the improvement of the market for the consumption of gas and electricity and to a lesser degree for the selling of local transportation. There is hardly a method devised by aggressive utility companies in the United States for which one cannot find a counterpart in the British experience of publicly managed concerns. Indeed, the city of Birmingham maintains scientific laboratories of world-wide reputation. Among other things it gives technical advice to industries which may be interested in the use of gas as a fuel.

The methods of recruiting, training, and promoting personnel up and down the line and instilling in its staff members a sense of devotion to the public service are worthy of emulation.

One important feature in the handling of personnel problems is the organization of joint industrial councils of national scope whose province is to set up national and regional standards for the working forces as to wages, hours, and working conditions. These councils are in equal parts representative of management and workers. They are modeled after the well-known Whitley Councils established during the earlier war for various industries.

One of the major difficulties in the most efficient utilization of utility services from the point of view of both local and national economy seems to be the parochialism of local authorities whose areas of operation are in many cases too limited for large-scale production and the most economical distribution. This statement applies to gas, electricity, and water undertakings, but in a way also to local transportation. Although joint authorities may be established under the law to pool interests and although in a number of instances such authorities have been set up, a dominant weakness from the point of view of operating areas is the prevalence of restricted areas. The question is raised as to the desirability of granting central authorities mandatory powers to enforce mergers within certain prescribed limits. This action would be in line with the recommendations made by national survey commissions. As the author observes in his Introduction, where he refers to the possibility of developing a "grid" system for the production of gas as a cheap industrial fuel: "The 'municipal' area to which it was in the first place convenient to devolve the utilities has been challenged by technical development. The emphasis tends to be on 'public' rather than 'municipal' control."

Dr. Finer devotes considerable space to the discussion of pricing policies. One widespread method in determining charges for gas, water, and electricity is worthy of special note because of its uniqueness. Such determination is on the basis of the assessed value of the property or the so-called "annual value." For example, if the annual value of a dwelling house in the city of Leeds is twenty pounds or less the charge for water is $7\frac{1}{2}$ per cent of that value, while if it is one hundred pounds or more it is 5 per cent. An additional charge is payable for water closets, likewise determined on the basis of the value of the premises. Such water is not metered. Apart from this unique method, many of the accepted rate policies are comparable to those in effect in the United States. In domestic service, electricity charges may be broken down into service and commodity charges, the former being determined by counted rooms, floor area, or openings and appliances connected. Block rates are also in vogue in many localities in Great Britain.

In a rough sort of way each class of consumers is expected to carry its own weight, although costing procedures are far from perfect. This rule does not apply in many cases to the poorer customers. For example, water companies frequently run a deficit covered out of general taxes because the full use of water is dictated by considerations of public health and sanitation. The transport systems also generally make concessions to working people, school children, and students. In the main the rate policies for all services are devised to avoid both surpluses and deficits on the theory that it is in the public interest to make essential utility services available at the lowest possible price consistent with optimum quality and sound financial requirements.

In view of service at cost policy there are no such appreciable contributions from utility services to the general funds of municipalities as in this country. Furthermore, efforts are consistently made to charge the utility undertakings on the one hand for all the overhead services performed by the municipality, and it is customary on the other hand for the utility concerns to charge the municipalities for the supplies provided by them. Under this scheme utility consumers neither subsidize nor are they subsidized by the taxpayers.¹

Dr. Finer has treated his subject comprehensively and in the reviewer's judgment most adequately. He has culled data and statements from literally a host of sources, from official and semi-official documents as well as parliamentary debates. In order to secure pertinent and up-to-date information he has made contact with a number of officials on the staffs of municipal enterprises. In a word, he has performed a signal service for those interested in the municipal operation and management of utility undertakings. From this source they can learn much that will be useful and applicable to the American scene.

WILLIAM E. MOSHER

¹ The above statement is generally true, but for the sake of accuracy it should be pointed out that in 1936-1937 some 2.5 million pounds were transferred from general funds to cover utility deficits, about one half of which was on account of water alone. On the other hand, utility surpluses to the amount of 1.6 million pounds were transferred to the general funds of certain municipalities.

Our American Democracy at War

THE IMPACT OF WAR: OUR AMERICAN DEMOCRACY UNDER ARMS, by PENDLETON HERRING. Farrar and Rinehart, 1941. Pp. ix, 306. \$2.50.

RECENT events have so dramatized the impact of war on our democracy that the timeliness and importance of this book are forcefully evident. We are all painfully aware, or at least we ought to be, that our political processes, our economic efforts, and our cultural patterns will be modified to whatever extent is necessary to win the war. The danger is that dictates of speed and expediency will prevent adequate analysis of our war problems and will result in hasty and unwise actions. *The Impact of War* provides the background so necessary to a proper understanding and presents an analytical approach that is essential for the proper solution of problems which are ahead.

Of particular interest is the treatment of the politics of military policy and national defense. The Army has long endured the indifference of the public and the Congress during periods of apparent peace. Administrative officers of many government departments face, to a lesser degree, a similar blight. The circumstance of geographical isolation operated for many years to persuade our people to procrastinate and to take "for granted their own capacity to arise and protect their freedom and their interest when dangers loomed."

The laudable striving for the ideal of universal peace created a peculiarly difficult problem for the War Department. "Unable to distinguish between the need for military efficiency and the evils of war," the United States neglected its defenses "to express disapproval of war. An ineffective army thus became a sign of grace." When military men attempted to take the case to the country, they were suspect. War Department requests for appropriations were more often hindered than helped by the political actions of General Wood and others who attempted to arouse the nation by alarmist speeches. Transcending the administrative level to influence political decisions by means other than normal requests and reports has been the exception. The normal policy has been for the War Department to abide patiently though disgustedly and to hope for the best. Such optimism or lethargy could scarcely

be justified by the historical record of feverish preparation for war only after hostilities had commenced. And such belated action has customarily been followed by congressional investigations seeking to determine why adequate preparations had not been made.

That is not to say that the country has refused to profit by the hard lessons taught by bitter experience. Our progress has been traced in the chapters, "The Politics of Military Policy" and "How Congress Treats Military Affairs." In the early days of this republic "the traditional underlying fear of a standing army and the confidence in the militia" were unmistakable. How this attitude conditioned handling of all military problems is deftly pictured by appropriate quotations and illustrations. After the War of 1812 had demonstrated the folly of relying solely upon the militia, the idea of a regular army found support. Unhappily, our Jacksonian democracy failed to find a place for the military in their philosophy. As a consequence the wars that followed found the country unprepared. This reluctance to face realistically measures needed to provide for the common defense did not prove fatal; it did increase greatly the suffering, the cost, and the length of our wars. Not until after the Spanish-American War was it possible to secure needed army reforms that had previously been impossible because of the traditional fear of the Army as a threat to liberty. In the years immediately following the first World War the country sought to profit by the lessons of that war. This enlightened attitude produced the National Defense Act of 1920 which was hailed as the nation's first comprehensive military program. One great forward step was the creation of a workable relationship between the regular army, the National Guard, and the organized reserves. From the great reservoir of experience in industrial mobilization many useful lessons remain. An Assistant Secretary of War was authorized to head a research staff and an Industrial College devoted to studying the problem of mobilizing a nation's industries for war.

In the historical analysis of how Congress treats military affairs there is detailed one of the most serious weaknesses to which popular government is prone. To quote the author (pp. 112-13): "In the discussion of military problems and national defense during the past few years many paradoxes are seen: the United States is the most powerful nation on the face of the earth, but we are woefully weak and unprepared; we will tolerate no threats from aggressor nations, but we hate war; we must protect and extend our foreign trade, but we must become economically self-sufficient; we cannot shirk our moral responsibility for world leadership, but we must mind our own business; armaments lead to war but if we are militarily strong no nation will dare attack us; we have never fought save for a just cause, but war is brought about by propagandists, munition manufacturers, and big business; the American people do not want war, but our nation will spring to arms to protect our rights. We have argued about strict isolation, occasional intervention to maintain a balance of power, and co-operative action for collective security. We have pondered the limits to which our defenses should reach; should all American possessions be defended or should outlying ones be relinquished? Should we guard the entire Western Hemisphere or limit our efforts to the countries of South America more strategically contiguous? Or should our military aid and naval support be extended to the defense of Britain in the Far East or even in the Mediterranean? Here are questions not easily resolved, but until certain lines of direction are clarified, the military will not have the basic policies upon which their plans must rest." To the above there could well have been added, we will not fortify Guam but we will defend the Far East.

These irrationalities and contradictions are not to be taken as indictments of democratic processes. In times of peace military problems receive scant attention with the result that they remain in the area of discussion. A decision is not politically imperative until war is imminent and then congressional action is immaterial; the course has been set by the logic of events.

Administrative and organizational arrangements in the War Department and the Army are profoundly affected by the seasonal varia-

tion from periods of peaceful calm to the storms of war. Pendleton Herring has phrased it nicely. "The War Department is among the last agencies to be considered in normal times and the center of attention in periods of stress. The crisis of 1940-1941 found this department in the cramped and obsolete building erected as temporary quarters in the World War of 1914-1918. While 'dancing in the weeds of peace' men give little thought to providing for the things of war. How to administer military affairs under such extremes of attention and neglect has been the constant problem of the War Department. Department officials have had varying success. . . . A survey of the War Department over the past forty years indicates the way in which reforms have been brought about and the permanent advances that have been made." Needless to say, the survey makes an exceedingly interesting story.

One phase of the administration of the Army and of the War Department is particularly challenging; how can the deeply rooted, static tendencies be converted into a dynamic responsiveness to changing international relations and to new weapons and methods of warfare. In no line of endeavor has innovation yielded such rich rewards as in the victories won by military leaders. Students of military history are all too conscious of the penchant of democracies to cling to the past in the military sphere until jarred loose by catastrophe. The hierarchy of military rank and the code of military discipline tend to still the critic within the ranks and to brand as a crackpot the enthusiast for change. And in wartime the commendable desire to avoid "rocking the boat in stormy weather" operates as an additional brake.

Exceedingly trenchant and timely is the analysis of the President as commander in chief. Cogent experiences of our various wartime presidents are cleverly marshaled and point to important conclusions. Congress must delegate vast powers to the President. "Controls must reach so widely, penetrate so deeply, and yet be administered so rapidly that Congress perforce must arm the executive with all the authority it possesses and wish him God-speed in the exercise of his full discretion. . . . It is at the nation's peril that a President extends his supervision over a greater number of subordinate officials than he can effectively handle. . . . The President as commander in

chief must be ready to leave the tactics of campaigning and the execution of military strategy to his generals. Similarly, in the field of industrial mobilization the problems are highly technical and the devolving of responsibility upon subordinates with ample power to act seems highly desirable. . . . The President must be a political co-ordinator of consent, as well as an economic co-ordinator of industry and labor, and a military co-ordinator of all our armed strength. . . . Democratic government must at critical times place great trust in a few men or even in a single individual. To do so is not to deny its tenets. Trust in the right man may be the only way to preserve the basic institutions. Democracy, no less than any form of government, must face its dangerous periods. It can do so most confidently when a true champion of its ideals is also the commander in chief of its military might."

Profound questions have been raised to stimulate thinking in areas badly in need of exploration. In the light of our present war effort, soldier and civilian alike need the orientation provided in the chapters, "The Place of the Army in National Life," "The Present Defense Program," and "Traditional Values and New Imperatives." Here are some of the questions which, because there exists no easy or set answer, are wisely presented without a suggested solution. What is the character of our military leadership? How are our officers selected and trained? How do they view the training and disciplining of a citizen army? How should the traditional philosophy of military discipline stemming as it does from antidemocratic origins be modified to fit American concepts of democracy? How can military matters be divorced from the expediency and localism that

engulfs them? With eight existing congressional committees dealing with army and navy affairs, how could there be any integration of foreign policy and defense or any coordination of defense agencies? How can government act as an effective leader among the interests that must be coordinated for national defense? How can any President "be a political co-ordinator of consent, as well as an economic co-ordinator of industry and labor, and a military co-ordinator of all our armed strength?" How can the channels leading to the President be narrowed so that the struggle for power and position among the unwieldy number of individuals who have access to the President can be eliminated? These are but a few of the questions on which the book focuses attention.

The broad thesis of the book is that there can be a reconciliation of democratic values with the war imperatives of centralization of authority, standardization of economic functions, and submission to discipline. Prophetically true is the remark that "to fight or not to fight is hardly a unilateral decision."

The Impact of War provides an effective answer to those who fear that democracies must become totalitarian if they are to wage war effectively. While the record as presented shows that we have made mistakes, it is heartening to note that we have learned much from experience. Our democracy has been able to adjust our institutions to produce great military effectiveness. In our free society the opportunities in time of crisis, for reasserting through action the duties of citizens, provide the impetus which makes the free soldiers of a democratic country the most formidable foe in the world.

LT. COLONEL O. L. NELSON

The Evolution of Unemployment Policy

BRITISH UNEMPLOYMENT PROGRAMS, 1920-1938, by EVELINE M. BURNS. Social Science Research Council, 1941. Pp. xx, 385. \$2.75.

WE HAVE been warned frequently in the past months against the danger of winning the war and yet losing the peace. By losing the peace is generally meant the failure to solve the social and economic problems which in the past decade have been characterized by

widespread unemployment and poverty. The failure to establish a society in which men can utilize their creative abilities to the benefit of both society and themselves will, it is felt, bring victory to the Fascist world revolution even though the Axis may be defeated on the battle

field. As a consequence, a healthy interest is now being evinced in postwar planning, especially in those measures designed to prevent and alleviate unemployment.

British Unemployment Programs, 1920-1938 is not a review of the British efforts to achieve an economy of full employment. The several measures which the British have taken to create employment, such as public works programs and the financing of industry, are briefly noted in the book and found generally inadequate. The relationship of the broad fiscal policies of the British government to the unemployment problem are not discussed, even though Alvin Hansen, in his testimony before the Temporary National Economic Committee, attributed considerable significance to the British policy of reducing the rate of investment through the imposition of progressive taxes while expanding the government outlay for social services. Inasmuch as the purpose of the book is primarily to evaluate the British programs designed to relieve unemployment, the author cannot be criticized for failing to present a broader discussion of the economic policies which affect the problem of unemployment.

It would be difficult to imagine a more appropriate time than the present to review British experience in view of the widespread unemployment now being caused in America by the transition from a peace to a war economy. The analysis of the British experience also makes an invaluable contribution to the current consideration of postwar unemployment policies.

It is perhaps unfortunate that we cannot bathe in the objectivity of Dr. Burns' book our contemporary disputants who are debating the issues of American unemployment policy. In its description of the evolution of British policy, it is thorough without being overly burdened with detail. For the reader interested in research, the detail can be found well presented in the appendices. Especially interesting is the appended series of tables which presents data hitherto inaccessible to the student of the British programs.

Unlike most writers on the subject, the author is not content merely to describe the evolution of British unemployment policies; instead she subjects them to a critical, if friendly, evaluation. It is something of a pleasure to read an evaluation of unemploy-

ment policies which is concerned with basic underlying issues. In this country, most of the discussion has been concerned with extraneous questions such as whether states' rights have been violated and whether breaches of faith have been made with those employers who assert they supported the enactment of unemployment insurance because of promises that taxes would be reduced.

The key program in the British approach to the problem of relieving unemployment is, of course, unemployment insurance. But unemployment insurance, paid as a matter of right to workers who are normally a part of the labor market, has certain natural limitations. These limitations involve coverage, duration, and adequacy of benefits. An unemployment insurance scheme, however well conceived, could never successfully care for all unemployed, and it must therefore be supplemented by other types of assistance programs.

The periods of development of the British programs are characterized by the changing relationships between the unemployment insurance and the supplementary assistance programs. When the Unemployment Insurance Act was first passed in 1911, it covered only two and a quarter million workers and paid benefits for not more than fifteen weeks in a year. Workers who were not covered by the act, who exhausted their benefits, or whose weekly benefits were inadequate for their needs, were required to seek supplementation from the local poor law authorities.

In 1915 a special type of assistance, the Out-of-Work Donation, was created to provide primarily for persons who might become unemployed immediately following their discharge from the armed forces. In 1918 the Out-of-Work Donation was also made available to civilian workers as a postwar transition measure. In view of the then limited coverage of the insurance system, benefits paid by the out-of-work system did not require a needs test, nor were they dependent on the payment of contributions like those which determined eligibility under the Unemployment Insurance Act. The system was financed by the central government, and for a time it practically superseded insurance. It was abandoned in 1921 after being subjected to much criticism.

The coverage of the unemployment insurance system was considerably increased in 1920,

and soon thereafter its benefits were increased. In 1921 the maximum duration of benefits was increased from fifteen to twenty-six weeks, and in 1928 the maximum was abolished. The 1921 changes also relaxed qualifying requirements as to past employment in covered industry, liberalized the provisions which limited benefits to a certain proportion of prior contributions, increased the benefit amounts, and introduced dependents' allowances.

The insurance system as thus expanded was the major device used for maintaining the employable unemployed from 1921 to 1931. The "poor law" was the only recourse for all of the groups of workers who were still excluded from coverage or who had failed to meet even the modified and for part of the time almost nominal, contributory requirements of the insurance scheme. The importance of the local poor law relief program varied from time to time and place to place between 1921 and 1931. It was especially important, however, in the areas where prolonged unemployment made it impossible for large groups of workers to obtain the protection of the unemployment insurance law.

In 1931, basic changes were made to correct the obvious weaknesses in this system. Unemployment insurance was being paid for an indefinite period to some workers who could show no real relationship to the labor market; other workers had to rely on local poor law relief even though they might have been more properly supported by unemployment insurance. The disparity in treatment under unemployment insurance and poor law relief created a strong aversion for the latter system in the minds of the British workers.

The changes made in 1931 were designed to restrict unemployment insurance and to interpose a third system of transitional payments between unemployment insurance and poor law relief. Transitional payments, like insurance, were made only to persons who could show that they had been engaged in insurable employment for a specified minimum period, but the qualifying period was less than that required for insurance. The payments were also like insurance in that the amount of benefits was written into the law. The maximum benefits were those which a worker could obtain if he had qualified under the Unemployment Insurance Act. But workers were required to

undergo a means test, and the worker would receive less than the maximum benefit if his resources did not justify the payment of the full sum.

The administration of the transitional payments system was divided between the local employment exchanges, which were responsible for checking the fact of unemployment and for paying out the benefits, and the local poor law authorities, which carried out the detailed investigation of need and determined how much should be granted in any individual case. The costs of the transitional payments system were borne entirely by the national government.

Even under the transitional payments system some workers—those who could not qualify even under the nominal eligibility requirements—had to rely upon local poor law relief. Some supplementation from poor law relief was required for others because the maximum weekly payments were limited to those specified in the Unemployment Insurance Act and therefore were not always related to need.

In 1935 a new method for handling the residual unemployment relief problem, which represented the logical culmination of the development of the prior fifteen years, was introduced. For the first time the central government assumed direct responsibility for a service based upon need. The Unemployment Assistance Board, set up to administer this program, paid unemployment allowances (based upon a means test) which were intended to provide a single system for meeting in full the needs of almost all the employable unemployed not cared for through insurance. One of the purposes of this program was to eliminate the partial dependence on poor law relief of workers requiring supplementation of unemployment insurance benefits. Such supplementation was henceforth obtained from the Unemployment Assistance Board. The board was authorized to take all steps necessary for the welfare and rehabilitation of its clients, including vocational training and transfer, and it thus provided a positive coordinated approach to the problems of the able-bodied unemployed.

In view of the current controversy in this country over the proposed federalization of the state unemployment insurance programs, it is interesting to note that it was argued in Eng-

land that the unemployment assistance program would fail because of overcentralization and bureaucratic administration. Dr. Burns is convinced that this problem has been met and satisfactorily solved and that the program has benefited by the application of national policies and regulations.

In evaluating the system in effect from 1935 to 1938, the author finds that the combination of unemployment insurance and unemployment assistance met the basic needs. By providing unemployment insurance benefits for a duration of twenty-six weeks, it distinguished in treatment between the "long duration" and the "short duration" unemployed. The short duration unemployed received unemployment insurance with fixed benefit rates as a matter of right without undergoing a means test. Inasmuch as workers who had recently been employed could be expected to have some resources of their own, the payment of benefits based on prior wages and employment, and not related to needs, could be justified.

Specialized services were needed for the long duration unemployed to return them to the ranks of the normally employed. They were by definition the least employable. Usually they were the older and younger workers in the community or workers with some social or occupational liabilities. The resources of the Unemployment Assistance Board were well adapted to handling these types. The board was authorized to make expenditures for retraining and transferring these workers to areas of greater economic opportunity. It could, by the threat of withholding assistance grants, compel retraining in a situation where the individual was reluctant. By making provision for almost all of the long duration unemployed who were employable, the unemployment assistance program left to the local public assistance authorities only those unemployables for whom no provision was made under the specialized forms of categorical relief. This assumption of responsibility has done much to solve the financial problem of local communities.

Dr. Burns found that the English unemployment program put into effect in 1935 on the whole worked very well. In examining the effectiveness of the categorical approach—the granting of assistance to those in specific categories—to the problem of relieving unemploy-

ment, she found that in practice there was not much overlapping between the several programs. While a liberal assistance program that would minister to the needs of all unemployed individuals regardless of cause may be theoretically desirable, political and economic exigencies provided no real alternative to the categorical approach. Even in providing for the employable unemployed there appeared to be real justification for the separate programs of unemployment insurance and unemployment assistance. The workers themselves strongly preferred unemployment insurance because its benefits were received as a matter of right. It seemed possible that workers regularly attached to the labor market might become accustomed to the means test used in the unemployment assistance program and might grow so reconciled to its broader use that the basic distinction between the two programs might be abolished. But nevertheless the labor unions and the Labour party in England have argued strongly for the abolition of the means test in the administration of the unemployment assistance program.

In dealing with the controversy over the means test, the author points to the basic assumptions underlying the conflict. She attributes the conflict primarily to the presence of two opposing principles in contemporary economic and social life.

On the one hand, there is the assumption that the individual is responsible for his own material welfare and that of his family, and the threat of loss of income is relied upon as the ultimate sanction to compel participation in production on the terms dictated by the market. On the other hand, there is a growing acceptance of the view that it is the duty of the government to provide for the maintenance of those who, through forces beyond their own control, are deprived of income. The British unemployment relief system, precisely because the doctrine of government responsibility has here been given its fullest expression, throws into clear relief the nature of the basic problems created by this ideological dichotomy.

In the first place, it will have been observed that the two national programs of unemployment insurance and unemployment assistance represent a compromise between the new and the old views of the proper spheres of individual responsibility and reliance on the government. Unemployment insurance, like all the social insurances, implements the theory that the individual, if satisfying formally prescribed conditions, has a right to specified payments from the government in certain contingencies, regardless of his own resources or those of his immediate family. Unemployment assistance, on the other hand, expresses the view that government aid

is available only when the resources of the individual and his family group are insufficient. It is no accident, therefore, that one of the most hotly debated issues in Great Britain since 1934 concerns the justification for the retention of a means test in a comprehensive unemployment relief system, and the extent to which the individual should exhaust his own resources and those of his family or household before receiving aid from the government.

In the second place, the acceptance by the government of ultimate responsibility for maintaining the unemployed—whether by insurance, assistance, or poor relief—raises in an acute form the question of the appropriateness of the standard of living thus afforded. The system is attacked from one side because of its alleged niggardly nature, and from the other because it is asserted that the payments to unemployed persons are so generous that they approach dangerously near the earnings of employed workers and may undermine the incentive to work.

The reader feels that such discussion probes the basic considerations involved in the formulation of an unemployment program. It affords a strange contrast to the current debate over unemployment policy in the United States. Here there are innumerable factors that militate against a consideration of the basic issues and require instead a consideration of political tactics.

It is almost unnecessary to point out that we do not have anything like the coordinated approach to the unemployment problem which has been adopted in Great Britain. Our unemployment insurance program is inadequate by comparison with the coverage and protection afforded by the English system. Our state laws exclude vast numbers of workers, impose stringent eligibility requirements, and provide relatively meager protection in terms of duration of benefits. The failure to provide a nation-wide pooling of risk requires each state to adjust its benefit rates to stay within its income. In brief, under our present system we are fighting fifty-one minor skirmishes in the battle against unemployment.

A further deterrent to an adequate insurance program in this country is the confusion between an unemployment insurance system, designed to alleviate unemployment, and merit rating proposals whose pious purpose is to prevent unemployment. As a consequence of this confusion and the resulting imposition of merit rating on unemployment insurance, we are accomplishing little by way of alleviating unemployment or preventing it.

There is little likelihood that we will ap-

proach anything like an adequate unemployment insurance system until the program is freed from the whimsical actions of state administrators and legislators and has been made subject to considerations of national unemployment policy. The current attempts of a few states to provide adequate unemployment insurance benefits to tide workers over the period of transition from a defense to a nondefense economy are being beaten down by arguments of possible interstate competition and by their inability to finance an adequate insurance program without a wider spreading of the risk.

If our unemployment insurance program suffers by contrast with that of Britain, we are at least consistent in that our supplementary assistance programs are comparatively no better. We do not have a general assistance category similar to that administered by the Unemployment Assistance Board (now called the Assistance Board) in Britain. Theoretically, the WPA is supposed to take care of the employable unemployed who are in need, but in practice the inadequacy of federal funds or lack of local sponsors' contributions has prevented us from realizing the theory. The unemployables are considered the responsibility of state and local relief agencies, but some states and localities have failed to accept the responsibility. Despite these failures, it nevertheless falls upon the state and local relief agencies to supplement unemployment insurance benefits when they are inadequate in amount or too short in duration.

Can it logically be said that a worker has left the labor market and is no longer employable after exhausting ten or twelve weeks of unemployment insurance benefits? Is it reasonable to attempt to adjust a worker who has exhausted his unemployment insurance benefits to a work relief program for the several additional weeks before he returns to employment? In effect, we do not have an adequate supplementary assistance program of the type which can make up for the shortcomings of our unemployment insurance program or can offer the individualized services necessary to rehabilitate the long duration unemployed.

To prevent widespread distress in the post-war period, it will be necessary to revise drastically our present unemployment programs. We cannot afford to wait until unemployment is upon us and our unemployment insurance and

local relief systems have broken down to begin the task of developing an adequate program. Strong measures are needed immediately to assist in the present transition to a wartime economy as well as in the postwar transition to a peacetime economy.

It is interesting to note from the descriptions of recent observers in Great Britain how easily the unemployment programs described in this book have been adapted to wartime problems, especially the problem of alleviating priority unemployment. The British have made their unemployment insurance and unemployment assistance programs a flexible tool with which to implement their national labor policies. As it has been necessary to retrain, transfer, and assist workers to shift from peacetime to wartime jobs, the British programs have made it possible to alleviate the distress which would otherwise have arisen. It has been possible to transfer workers to new factories when necessary and to maintain their families in separate establishments until suitable housing could be provided at the location of the new plant. With the aid of these programs the population shifts occasioned by transition to wartime economy have been made with minimum hardship.

We too are now facing the problem of widespread geographical and occupational dislocation of workers. Significant shifts in population have already taken place. The Tolan Congressional Committee has been pointing out for many months the inadequacies of our existing programs to care for workers who migrate in search of jobs. We have no national unemployment assistance program which can be synchronized with a national labor supply policy designed for wartime production.

While scattered individual efforts are being made by some state welfare departments, and some adjustments can be expected in WPA quotas to attempt to relieve the unemployment

arising out of curtailment of nondefense production, we have not begun to approach a solution to our problem. Although there are now evident signs of a closer cooperation between some state welfare agencies and the unemployment service, there is still no semblance of a flexible assistance program which can be used to implement labor supply policies. In any case, workers who have been laid off as a consequence of production quotas or material shortages and who are being retrained for work in defense industry do not want aid from local welfare departments to which is attached the stigma of relief; nor could they depend on this haphazard approach whereby excellent assistance might be provided in some states and none would be provided in others.

We have made much in this country of the American way of doing things, and we have looked with suspicion upon attempts to import policies and programs from abroad. In the face of the problems which confront us now, and which will face us in the postwar period, we can no longer afford to maintain this national arrogance. By trial and error Great Britain has been evolving unemployment policies and programs since 1911. We would profit much by giving serious consideration to the British experience described by Dr. Burns.

In conclusion, it should be noted that emphasis has been given throughout the book to the failure in Great Britain (up to 1939) to work out any substantial program to reemploy the unemployed and to prevent long duration unemployment. Should we achieve the relatively happy state of attaining a satisfactory program for relieving unemployment, let us hope that it will in no way diminish our efforts toward instituting those reforms and adjustments essential to the establishment of an economy of full employment.

DANIEL L. GOLDY

On Government by Commission

THE INDEPENDENT REGULATORY COMMISSIONS, by ROBERT E. CUSHMAN.
Oxford University Press, 1941. Pp. xiv, 780. \$5.00.

"THIS study," says its author on p. 4, "deals with the problem of the independent regulatory commission, rather than with the commissions as such." In this sentence are summed up the approach, the scope, and the limitations of the volume. It is the object of this review to consider in turn each of these three points. The principal contributions of the book will be noted in connection with the examination of its scope.

To understand the approach, it is well to remember that in 1937 Professor Cushman, as a member of the staff of the President's Committee on Administrative Management, published a study entitled *The Problem of the Independent Regulatory Commissions*. The immediate aim was to explore the implications of administrative management, and in relation to that subject the independent regulatory commissions naturally appeared as "a problem." For the "solution" of this "problem" Professor Cushman worked out a plan, which was embodied in the report of the committee. The approach was thus to concentrate attention upon the general, and hence mainly the formal aspects of the independent regulatory commission idea and method.

In pursuit of this approach, it was discovered that little systematic thought had been given to the subject; and it was this discovery which led directly to the preparation of the volume under review. Here the approach is essentially the same, though it has been broadened beyond the mere relation of the idea and method to administrative management. In his Preface Professor Cushman says: "One of the major conditions under which this work was undertaken, and a condition obviously essential to its permanent value, was that it should be an objective and thorough research undertaking quite unrestricted by any *a priori* assumptions. Consequently the President's committee's proposal is dealt with, not as the culminating conclusion of the study, but as one of the steps in the development of ideas and proposals for dealing with the independent regulatory commission problem. This volume, in other words,

was not written as a brief to support my earlier proposals" (p. viii). That this is the case in fact as well as in intention is amply borne out by perusal of the book, including the chapter on the segregation of adjudication from administration. At the same time Professor Cushman adheres to the opinion that "Nothing short of complete separation goes to the root of the evil of the prosecutor-judge combination" (p. 726).

It is the indicated approach, nevertheless, which seems to define the scope of the present study; and it is to this scope that attention may now be directed. The independent regulatory commission is defined as "any commission, board, or authority which lies outside the regular executive departments and which has for its major job the exercise of some form of restrictive or disciplinary control over private conduct or private property" (p. 4). Under this definition the author deals with the Interstate Commerce Commission, the Federal Reserve Board (now the Board of Governors of the Federal Reserve System), the Federal Trade Commission, the United States Shipping Board (defunct) and the United States Maritime Commission, the Federal Power Commission, the Federal Radio Commission (defunct) and the Federal Communications Commission, the Securities and Exchange Commission, the National Labor Relations Board, the National Bituminous Coal Commission (transferred in 1939 to the Department of the Interior), and the Civil Aeronautics Authority (transferred in 1940 to the Department of Commerce). He is thus concerned primarily with federal agencies, though he brings to bear state and even British experience.

A short but helpful Introduction is followed by a summary account of the precedents and background of the Interstate Commerce Act of 1887. Earlier state experimentation with "weak" and "strong" railroad commissions is here briefly reviewed, and the inference is drawn that this must have had its influence upon Congress. Prior British experience is also mentioned; but the reasonable guess is ad-

vanced that its influence upon the states had been negligible, and that it was less in the minds of national legislators than the existence of twenty-five state railroad commissions, despite the fact that Charles Francis Adams had taken a too favorable view of its results.

Probably the major contribution of the volume is to be found between pages 37 and 416, where Professor Cushman presents a legislative history of each of the federal commissions listed above. These are grouped under three broad headings: The Interstate Commerce Commission; the Growth of the Commission Movement; and the New Deal Regulatory Commissions. Each commission is treated separately; and for each in turn a single pattern of presentation is followed, though with appropriate variations in detail. This pattern may be generalized as follows: a brief summary of the background of the original statutory enactment is followed by a résumé of the steps in its legislative history, an outline of its principal provisions, and, what constitutes the real addition to knowledge, a section on topics and issues developed in the congressional hearings and debates. The same method is then followed with respect to every major legislative act in the legislative history of the given agency.

To scan the voluminous documentary material, to select with intelligence the significant ideas which it contains, and to present them in a logical, clear, and readable fashion was on the face of it a laborious and exacting task. It had never been done before; and it is evident, as well from the merits of the results as from the high reputation for scholarship of the author, that it will never have to be done again. The care and competence with which this job has been carried through make it a genuine contribution to our knowledge of the subject. That it is also an important contribution is not to be doubted. This part of the volume furnishes an excellent background not only for the chapters that follow but also for all future study of the general subject and of any one of these specific agencies. It is altogether a timely coincidence that its publication should come just when growing recognition of the value of administrative history is headlined by the creation, upon the part of the Committee on Public Administration of the Social Science Research Council, of a subcommittee on the

history of administrative institutions.

There next follows a chapter on the constitutional status of the independent regulatory commissions. This is condensed from an article of the same title previously published by Professor Cushman in 24 *Cornell Law Quarterly* 13-53, 163-197 (1938-39). To the student of constitutional or administrative law the article will be somewhat more useful than the chapter. Since the Supreme Court has never held a statute void for merging legislative, executive, and judicial powers in a commission, the current controversy over this alleged merger is really a dispute over public policy or political justice rather than public law. Of especial interest is the suggested parallel between two grades of legislative power, of which one may and the other may not be delegated, and the two grades of judicial power which have been distinguished in connection with the legislative as contrasted with the constitutional courts. Indeed, on p. 457 the *Humphrey* case is interpreted as suggesting a distinction between two grades of executive power which appears to the reviewer to be that earlier elaborated in chapter VII of his *Tenure of Office Under the Constitution*. Of equal interest is the conclusion that due process is far more important for government by commission than either the separation of powers or the rule against delegation. After reading together pp. 461, 682, and 743, the reviewer cannot say whether Professor Cushman wavers between classifying the commissioners as superior or as inferior officers, or whether he consistently regards them as inferior officers, and thus, on p. 682, merely means to say that even if their appointment were vested in department heads, the President would still be able to control the appointing function. The question, however, is purely academic. In connection with the President's power of removal, the reviewer may be pardoned for saying that he not only agrees that under the *Humphrey* case the President may still, in the absence of congressional restriction, remove at pleasure commissioners whom he appoints, but finds in this result a vindication of the theory of a conditional power of removal of quasi-judicial officers which he had advanced in the book cited above. Finally, on p. 438 there are two statements concerning judicial power which, while not incorrect, appear to be so elliptical as to

be apt to trap the unwary. It needs only to be added that here is to be found the most comprehensive and authoritative study which has been made of the constitutional aspects of the problem under consideration. It is not at all surprising, however, that this can be said of a chapter from the pen of one of the outstanding scholars in the field of American constitutional law.

A short chapter on American state experience with regulatory commissions is directly and explicitly based upon "a survey of the leading regulatory agencies in twelve selected states made by Professor James W. Fesler of the University of North Carolina" (p. 479). A good deal of Professor Fesler's material has not yet been printed. Here is much suggestive matter in highly generalized form, of which a single example must suffice: a list of various devices employed in the state of Wisconsin for the management of the general administrative duties of regulatory agencies. The greater variety of state than of federal practice is thought to be due to haphazard action more largely than to planned experimentation; and the general conclusion is reached that it is to the national government rather than to the states that one must look for controlled experiments that will contribute to the solution of the problems involved.

British experience is gone into at much greater length. Indeed, the two chapters, "British Experience in the Regulation of Business" and "Summary and Appraisal of British Experience," comprise over 150 pages. The sources of this "bird's-eye view" are British public documents, monographic studies, and conversations with British officials and students conducted mainly in London during a visit made for the purpose. "If this portion of the study is open to the charge of superficiality," says the author, "it may be countered that it is the first systematic effort to focus on the American regulatory problem the methods and results of British experience." To the reviewer the job seems competently done, and the product is interesting in itself and at various points quite suggestive.

Against this rich background is projected, in conclusion, within something less than one hundred pages, an analysis of those problems which the author's approach leads him to regard as "basic." These are arranged under the

following named chapter headings: "Problems of Independence and Responsibility"; "Merger of Powers in Commissions—Segregation of Adjudication from Administration"; "The Independent Commissions and Planning"; and "Problems of Structure and Personnel." Independence is here considered as freedom from accountability rather than mere existence outside of the executive departments. It is pointed out that there is a sort of pluralism in responsibility, which is summarized fully and carefully. "They are neither wholly independent nor wholly accountable, and the accountability under which they work is neither simple nor clear, but includes lines of responsibility which move in three different directions—to Congress, to the President, and to the courts" (p. 668).

Especially illuminating is the section on responsibility of the commissions to the President. Should the President or the commission itself designate its chairman? If Congress grants the President the unrestricted power to do so, does it follow that he could remove the chairman from the chairmanship at his pleasure, even when he could remove him from membership only for statutory causes? Does the statutory cause of "incompetence" allow the President to remove from membership in order to control administrative efficiency as distinguished from policy? Would Robson's idea of "open letters of instruction" be appropriate and effective in presidential-commission relations? It is proposed by the author that Congress so formulate the causes of removal as to clarify the areas in which responsibility to the President is both recognized and precluded. It is obviously the advantage of the Humphrey case over the earlier Myers dictum that it enables Congress so to do. Professor Cushman concludes that such responsibility does not include day-to-day adjudication in individual cases, but that it does include administrative efficiency and commission policies as they impinge upon the general policies of the President and the policies of other commissions. Indeed, he questions whether Congress could constitutionally exclude presidential control, in the light of his duty of faithful execution, of administrative efficiency. The reviewer agrees and asks whether this solution does not sufficiently reconcile the competing ends of administrative management and judicial independence to invalidate at least one argu-

ment for splitting the independent regulatory commissions asunder?

Of the many other topics treated in the concluding chapters, only a few can be mentioned in passing. There is a convincing explanation of why the commissions are inherently ineffective agencies for long-range policy planning. Of the various possibilities, the author prefers "permanent planning bodies as adjuncts to the commissions" (pp. 737, 740-41). Thoughtful appraisal is also made of bipartisanship and of geographical and group-interest representation on the commissions.

The book exhibits withal the thorough and scholarly analysis, the clarity of thought and of expression, the highly readable but dignified style, and the logical organization of material which characterize all the writings of Professor Cushman. He himself explicitly disclaims any pretense of finality: "Apart from the historical sections, the study here presented is frankly exploratory in nature." In a sense this is all too modest, for within the limits of the approach he has left little if anything for successors to do. He has undertaken an eminently important task and has performed it with such ability and exhaustiveness that the result is definitive. The limitations to which attention will now be directed are in the task itself rather than in its execution.

If the author's approach to the subject defines the scope of his work, it also fixes its limitations. An approach that concentrates attention upon the general, and hence mainly the formal aspects of the independent regulatory commission idea and method fails to take adequate account of factors that may have crucial bearing upon such a basic and controversial issue as merger versus segregation of functions. Such factors include the regulatory tasks, the internal organization and operation, and the procedure of existing commissions. The reviewer does not complain that the author has touched only incidentally upon these topics. Indeed, it may be questioned whether they can be fully explored by any one man, particularly by a political scientist who is primarily a constitutional lawyer. For in this respect the topics unexplored are markedly different from those explored by the author. What is meant is rather that final evaluation of government by commission must be grounded upon examination of the former

even more than the latter topics.

That this is so is made abundantly evident by examination of the work of the Attorney General's committee. What are the implications of size and volume of business? What of the role of informal adjudication? What of the necessity of delegation and of the relation of the commission to a staff of hundreds or thousands? What of the variation in the regulatory task as one turns from one commission to another?

What difference in results flows from vesting supervisory responsibility for rate-making in one instance in a plural body which has only limited accountability to the President and in another case in the Secretary of Agriculture, who has unlimited accountability to the President? Can any of these questions be answered without taking a vertical and functional as well as a horizontal and formal approach to the problem?

It is not meant to be implied that merely technical studies can give the answers. Final evaluation must also bring to bear the larger perspective of a social philosophy that conceives democracy in terms of ends as well as means and does not confine its means to those invented before 1850. Such a philosophy must take into account the as yet groping reorientation of democratic purpose which is emerging from the maladjustments caused by the industrial-technological revolution. Those whose traditionalism could lead them to view with complacency a plutocracy operating within the framework of a democracy reduced to formalism should take account of the worldwide revolt of the masses, which if too long pent up or led by the uncultured may result in Nazi barbarism. Let us reinterpret the permanent values of our civilization rather than discard them or blindly worship their outmoded applications. What this involves with respect to what William Seagle in his notable recent volume on *The Quest for Law* has termed "the new equity," the reviewer has sought to indicate in an article in 29 *Georgetown Law Journal* 543 (1941) entitled "Administrative Justice and the Supremacy of Law." Those who would tear apart the independent regulatory commissions in order to avoid the administrative management-judicial independence dilemma and the prosecutor-judge combination should first consider the

possibility that the independent commission technique has developed in pragmatic response to a "felt need" that derives from the unprecedented character of the major regulatory tasks of democratic government in an industrial age. In his recent volume, *Concerning English Administrative Law*, Sir Cecil T. Carr, whose sane wisdom commands the highest respect, says at p. 121: "But now the Committee on Ministers' Powers has discovered a new kind of bias, namely, the interest that an enthusiastic minister might have in his official work, where his department might be approaching a decision

with a desire that it should go one way rather than the other. You may think that this is setting the Minister an exacting standard; he has a duty to promote some public service such as housing or health or transport and yet at the critical moment he must hold himself back. Is not the department interest also the public interest?" Does not this incisive question expose to doubt at least some of the tacit assumptions behind a good deal of the recent American literature on the prosecutor-judge combination?

JAMES HART

An Analyst's Handbook

ADMINISTRATIVE PROCEDURE: A PRACTICAL HANDBOOK FOR THE ADMINISTRATIVE ANALYST, by COMSTOCK GLASER. American Council on Public Affairs, 1941. Pp. 207. \$3.00.

ADMINISTRATIVE analysts would be the last to maintain that the heathen Chinese are peculiar "For ways that are dark and tricks that are vain." They encounter such behavior as part of the daily routine. And while they might insist that their work calls for the science of management, they would also admit that success demands the intuitions of a poker player.

Dr. Glaser subtitles his volume *A Practical Handbook for the Administrative Analyst*. This may arouse expectations in his more experienced brethren which will not be fulfilled. It is doubtful whether any book can tell an administrator how to act. This book may serve readers seeking an introduction to the subject by suggesting an approach, offering methods of analysis, and admonitions to the unwary, but in a larger sense, as the author himself recognizes, administrative situations vary so greatly and embrace so many intangible factors that abstractions about methods of management do not come to grips with the actualities that confront operating officials. The book does suggest valuable questions which are pertinent to the work of administrative analysts.

Its virtues lie in its effort to generalize about administrative procedures; its limitations emerge from the very nature of the task assumed. The author has tried to isolate the *hows* of administration. "Of course the *hows* are greatly affected by the *whats* with which an

office deals, but most *hows* appear in one form or another in all organizations, the special problems being variations of the general." Attention is directed to "the working habits of an organization." "The visible result of administrative management," Glaser states, "consists for the most part of written procedures, plans of organization, regulations and instructions for routing business and doing specific jobs."

Although this book is addressed primarily to the administrative analyst, it will be welcomed by all students of public administration as a fresh and able contribution to the field. It offers, as tools with which to work, concepts that are generally applicable. The author suggests three angles from which administrative activity may be systematically observed, namely, by function, by units of organization and by administrative sequence. He then seeks to examine general principles by discussing two common denominator functions, purchasing and personnel. Existing civil service procedures are described in some detail and recommended improvements briefly stated. These data are offered as illustrative of the general proposition that all operations should be decentralized insofar as compatible with basic policy. Similarly, in his discussion of purchasing methods, the author urges that all transactions be simplified. He then takes up three major phases of administration: planning, execution, and control. He

concludes his study with a discussion of the "Possibilities of a Rational Technique of Administration."

Dr. Glaser's book is better than much that has been written in the general field, but the very success of his effort suggests how much further we have to go. The author describes his volume as a book on administration in general and in no sense a general book on administration. This approach sometimes results in confounding mere verbal abstractions with theoretical analysis. At times the author's effort at a systematic description of administrative behavior belabors the obvious. For example, is it necessary to state that administrative committees "are created to deal with problems which overlap the jurisdictions of several units of organization, or which require the joint consideration of a number of officials"? Some readers may question his definitions. Is it accurate to state that "administration is the word we use to signify the performance of any task which is too big for one worker"? There may be some criticism of the distinction he draws between staff and line functions. If, as some writers believe, the science of government is the systematizing of common sense, then the writer has fulfilled his task well, but it is rather an anticlimax to learn, at the end of a chapter on administrative control, that "control should be high in quality and low in quantity," or that scientific management means "figuring out how to get the most output for the least input."

The author is at his best when suggesting questions that should be raised when examining administrative activity. His suggestive methods for following a sequence of activities are very ingenious. The author is most convincing when dealing with the actual procedures in particular instances. Any adequate analysis of management in general terms must be based upon a broad empirical knowledge of administrative activity. Solid advances toward understanding follow from a careful observation of concrete cases; only out of such materials can broader knowledge be built.

Dr. Glaser is frank in admitting that "the essence of administrative work is its variability; no two problems are the same." In this sense any book on administration in general is doomed to a level of generalization that is in constant danger of banality. On this point Dr. Glaser's modest sense of the limitations im-

plicit within his approach disarms any strong criticism. Generalizations which may seem vaporous to the uninitiated doubtless have much more meaning to officials whose own experiences can make graphic many of the author's abstractions. The most satisfactory presentation of data is in terms of the work experience of agencies such as, for example, the Forest Service.

Perhaps the main contribution of the book is the criticism of overelaborate procedure. "Each task in an administrative sequence should contribute positively to the desired ends," the author states. Another idea stressed by the author is that "operation in any field should be decentralized as far as possible without sacrificing adherence to basic programs, policies and standards." But what do these terms mean? Such wide variations in behavior could be embraced and justified within these generalizations that any strict meaning disappears. Must not administrative analysis avoid the use of phrases which in the political realm would be called "weasel words"? So much of administration is skill in negotiation and shrewdness in evaluating human motivation that procedural problems can scarcely be treated as of determinant importance. The author himself states that "administration is never divorced from politics; rather it is the implementation of politics—the development in detail and execution of plans roughed out by legislators." It is refreshing to read: "The shibboleth that 'the civil servant should be divorced from politics' is meaningless: it expresses an impossibility. Likewise the distinction between 'policy forming' and 'non-policy forming' jobs. Each member of an administrative organization has some responsibility for program and policy within his field."

Glaser's criticism of overelaborate procedure leads him to propose the creation of a Congressional Joint Committee on Administrative Management. This committee would seek ways to simplify federal administrative practices and prepare appropriate legislation. I am inclined to question the practicality of this proposal. If active and independent, such a committee might easily conflict with the similar work already being done by the Division of Administrative Management of the Bureau of the Budget. The President, as chief administrator, needs congressional support but this would

hardly be facilitated by designating a special congressional committee to carry on the kind of work already assigned to an agency within the Executive Office of the President.

Dr. Glaser has written a book that ranks with the best of previous efforts to treat administration in general terms. His work shows imagination. It is clearly written and lightened

here and there with pleasant metaphors. The author makes no overpretentious use of the word science in relation to administration. His book is an able attempt to systematize our knowledge concerning administrative procedures. He has done a good job but he is dealing with recalcitrant data.

PENDLETON HERRING

Investigation of Investigation

INVESTIGATING MUNICIPAL ADMINISTRATION, by HAROLD SEIDMAN. Institute of Public Administration, 1941. Pp. 215. \$2.50.

GOVERNMENTS and their constituent parts seldom stand still to be photographed. Thus it is that governmental research often falls far short of effectiveness because of the investigator's weakness for a static situation—a temporary cross section for microscopic scrutiny. As a result effects are studied without their causes, and yesterday's report has little relevance today.

Dr. Harold Seidman's study of the Department of Investigation in New York City has no such weakness. It is an evolutionary study of an important investigating staff agency through sixty-eight years of metamorphosis in a city government likewise undergoing constant change.

To the blueprinters of future administrative staff agencies there is much food for thought in the successes and failures of this New York agency under a wide variety of political and governmental circumstances. Here is a maturing and effective investigating agency for the mayor of New York City. Born of the Tweed scandals, it has been for nearly three score years a jack-of-all-trades—bookkeeper, auditor, executive sleuth, official "alibier," whitewasher, legislative adviser, proving ground for new methods, information service, and administrative surveyor. Perhaps the only general function it has consistently exercised throughout the years is that of trouble shooter for the mayor.

The Commissioners of Accounts (antecedent to the Department of Investigation) were born in 1873 of graft and indignation. In the years following the Civil War, the Tammany Ring had stolen nearly fifty million dollars, had flooded City Hall with a mass of fraudulent bills, and had left a governmental structure cluttered with the debris of an era of corrup-

tion. The office of Commissioners of Accounts, a board under the mayor, was primarily established to check all vouchers and accounts of the comptroller and chamberlain and to prevent any repetition of their former collusive alliance. General powers were there also to check the expenditures of other departments but they went virtually unnoticed at the time.

Derided by reformers and Tammany alike, the new agency faced a difficult infancy. Doomed apparently to be an almost useless bookkeeping unit it early showed some tendencies to exercise wider activity. Fortunately for it, one of its first forays into other departments brought startling revelations about park commission affairs. Thenceforward it showed further growth. About 1881 it even began some appraisals of departmental organization and operations. Its exposures of graft and other irregularities caught public interest. It promised to become a powerful force in city government.

About the turn of the century came a relapse and the bookkeeper returned to his roll-top desk and high stool. The investigating had perhaps been too effective. Politics had its day. For a decade few significant studies were made.

It remained for a progressive mayor (McClellan), a brilliant young commissioner (John Purroy Mitchell), and a private research agency (the Bureau of Municipal Research) to set the machine back on the right track once more. McClellan found an urgent need for a fact-finding agency, particularly in the far more extensive and complicated city government under the Greater New York Charter and in a mushrooming metropolis. Mitchell and his successor, Raymond B. Fosdick, saw the agency

as the "eyes and ears" of the mayor and reorganized the office to function more effectively as fact-finder and trouble shooter. Peering ahead of its time, the Bureau of Municipal Research in 1907 envisioned a more genuine staff agency to keep constant check on departments, to develop improved methods of operation, and to facilitate informed planning and administration.

But once again the office fell on evil days. Hyman replaced Mitchell as mayor, politics once more seeped into the methods and findings of the agency, and it fast degenerated into a political spokesman for the mayor, an official "alibier" living on the prestige of better days. A final blow came in the "lush twenties" when stocks were high and public morality low. The old device of routine bookkeeping was resorted to. Mayor Walker discovered in the office what Seidman terms "a convenient burial ground for unpleasant investigations." The mayor's "eye" changed to the mayor's "winking eye."

Then came the economic crash of 1929, the Seabury investigation, the resignation of Jimmy Walker, and the age of LaGuardia. Again as in 1873 a reform administration faced the Herculean task of cleaning Tammany's stables. Under Commissioner of Accounts Paul Blanshard a truly notable job of housecleaning was soon in full swing. First emphasis was on a follow-up of the Seabury investigation and the punishment of official wrongdoers. Then activities of the office spread to the exposure of rackets, lax inspection, chiseling on city contracts and purchases, bribery, and most of the other time-worn categories of official theft and collusion with thieves. In the midst of it all, however, Blanshard found time for two major administrative studies, several consumer studies, and general city watchdog activities.

In 1938 the agency was given its present title of Department of Investigation and under Commissioner William B. Herland entered a mature stage of investigation and research. Examination of official irregularities still continues as its major activity but preventive steps and administrative reform appear to be gaining greater prominence as the original housecleaning task is being completed.

Whether an agency fresh from a diet of the raw meat of fighting graft can prosper on the milk of quiet modernization of governmental machinery is a question for the future. But

then, the future of New York City government is always a question in itself.

What is the proper place of a research agency in the administrative structure? LaGuardia's talents for reelection give the Department of Investigation a new lease on life. Toledo has its Commission of Publicity and Efficiency, Los Angeles has its Bureau of Budget and Efficiency, Los Angeles County its Bureau of Administrative Research, and Boston its state-controlled Finance Commission. Other similar agencies come and go in various localities. Of more recent significance in the federal government are the reorganization of the Executive Office of the President and particularly the much broadened work of the Bureau of the Budget, including its continuous studies of administrative management in all the departments.

None of these agencies quite parallels the New York City Department of Investigation, with its emphasis for many years on the detection of graft and official irregularity. Perhaps the Finance Commission of Boston resembles it most closely but the Finance Commission still remains a state agency to check city government, often for an opposition party.

In fact, work of the Department of Investigation thus far most nearly resembles that of a citizens' bureau of municipal research. This resemblance arises from the fact that a large part of its time is necessarily spent in chasing five-alarm fires in administration, its remaining efforts being devoted to the more prosaic matters of management methods, budgeting control, centralized purchasing, economical contracting, and so on through the agenda of the typical citizen bureau.

Should the official bureau replace the citizen bureau? It can work from the inside with official blessing and cooperation. A cooperative approach leads to greater chances of installing recommended changes. Information is more easily available particularly where subpoena powers are granted the official research bureau.

Despite these advantages it is unlikely that the official bureau can ever displace the private bureau. The change from the seeing eye to the "winking eye" at several stages in the history of the Department of Investigation has its counterpart in a number of other official research agencies.

When official bureau reports criticize the work of the "outs," retaliation is certain with a

change of political fortunes. The temptation is always present to make an official apologist and publicity agent out of what may have been a fearless investigating unit. Finally the official bureau is an internal instrument of the executive. Much of its work must necessarily be done quietly and cooperatively to be effective. As an instrument of executive control it cannot be assumed to be a continuous instrument of public information.

In contrast, the chief function of the private research bureau should be impartial interpretation of government to the people. When all other efforts fail it has available the power of public opinion which the official agency normally lacks.

The official bureau is an instrument of effective administrative control; the chief value of the citizens' research agency is the instruction and stimulation of citizen appraisal and control.

Will the central executive research staff tend to displace the departmental research units? At the outset it must be granted that the phenomenal shift of power from legislative to executive branches and the complication and multiplication of governmental functions make the problem of administrative control a far different one

than it was two decades or even one decade ago. To be sure the hierarchy of control can be simplified for an unbroken flow of control and direction from the top down, and for information and requests for instruction from the bottom up. Nevertheless in the huge organizations of cities, states, and nation, some wheels are certain to fail to mesh at the same time that supervisory gears are frozen.

The larger the administrative departments and the greater their progress toward improved methods, the more the role of the extradepartmental agency of investigation may be limited to trouble shooting. The problem is one of balance—too much central investigation may weaken the hierarchical flow of power and responsibility; too little may cripple united action and leave untouched vast fields of overlapping and duplication.

Given the fact that the establishment of adequate executive staff control is still in the crude pioneering stage and that departmental methods still fall so far short of full effectiveness, the official executive research and investigating agency can probably look forward to many more years of increasing emphasis and usefulness.

S. S. SHEPPARD

Contemporary Topics

THE EXPANSION of governmental functions a decade ago to meet the challenge of an economic emergency accustomed American citizens to the phenomenon of the cooperation of all levels of government in a national program.

The war emergency has required an even greater degree of cooperation so that all major programs of civilian agencies are administered by a kind of teamwork among federal, state, and local administrative officials, each agency contributing what it can in money and resources.

Furthermore, the demands of total warfare have required a new approach to the question of which activities to prosecute more vigorously for the winning of the war. It is not so much a question of the expansion of war agencies and the contraction of others as it is a question of concentrating the efforts of all kinds of agencies on the program for victory.

Thus the Council of State Governments adopted a statement of policy which said that "The defense program is necessarily a federal responsibility, but its execution can be promoted and the economic repercussions mitigated by harmonious state and local action," and that "Curtailement of ordinary services needs to be considered case by case, since many of these services are vital to the prosecution of defense itself, to the maintenance of civilian morale, or to the preservation of the productive capacities of citizens."

Less than a month later the President referred to this statement in his budget message, acknowledged that "state and local governments . . . are readjusting many of their services so as to expedite the war program," and pointed out the enlarged function of civilian agencies in a modern war program: "In a true sense, there are no longer nondefense expenditures. It is a part of our war effort to maintain civilian services which are essential to the basic needs of human life. In the same way it is necessary in wartime to conserve our natural resources and to keep in repair our national plant."

These statements from the nation's Chief Executive and from the organization of state governments indicated the development of a

national and state policy for the conversion of the administrative machinery of all levels of government into a system directed toward the common purpose of winning the war and toward common policies formulated by national leadership with the advice of state and local agencies.

For this reason the principal administrative measures taken by civilian agencies to further the war effort cannot be classified as purely federal programs. In addition to carrying out war plans developed on a nation-wide scale, state governments are turning a large part of their efforts to solving war problems peculiar to their areas. While industrial states like New York devote particular effort to making inventories of plant facilities and industrial manpower and to the expansion of such resources for the production of munitions, the defense councils of such states as Arkansas and Texas pay particular attention to the development of agricultural and mining resources, and the director of agriculture in Minnesota seeks to remedy the unbalanced conditions of the dairy industry caused by greatly increased exports of milk and milk products.

To make possible adequate state participation in the war effort, emergency war powers recently granted, or remaining in effect since the former world war, empower most of the governors to prepare for the speedy mobilization of military and civilian resources. The governor of Massachusetts is permitted to "take any measures which he may deem proper to carry into effect any request of the President of the United States for action looking to the national defense and public safety," and he has the power to take possession of any equipment and supplies in the state and to use them at his discretion for the service of the state or country. A New Jersey statute recently enacted directs the governor to render the United States in the present crisis any assistance in the power of the state and for this purpose to exercise any or all powers in his judgment convenient or necessary.

In addition to broadening the powers of the governor, many states enacted last year special

defense legislation suggested by the Federal-State Conference on Law Enforcement Problems of National Defense. Statutes for the organization of state guards were adopted by twenty-seven states, "fresh pursuit" statutes by twenty-one states, sabotage prevention statutes by sixteen states, and statutes for the control of explosives by thirteen states. Further emergency administrative measures and emergency war legislation to empower states to take necessary action were suggested to the states early this year by the Council of State Governments. The emergency statutes, proposed for consideration in the eight regular legislative sessions to be held this year and in the numerous special sessions that will probably be called, authorize state and local governments to establish air-raid precautions and to employ the necessary personnel for their enforcement; authorize the enforcement of emergency health and sanitation laws by the state health agencies in areas especially affected; authorize the governor to assume control, wherever local arrangements are unsatisfactory, in order to regulate extraordinary traffic conditions created by the movement of troops or of materials needed for national defense; increase the authority of local fire-fighting forces to operate outside their jurisdictions without incurring additional liability; and empower state officials and agencies to accept federal grants for war purposes. An amendment suggested by the Office of Civilian Defense would authorize political subdivisions as well as states to accept not only grants of money but equipment, supplies, and materials.

Air-Raid Defense

THE OFFICE OF CIVILIAN DEFENSE, to which the President recently appointed James M. Landis, dean of the Harvard Law School, as executive officer¹ under Director Fiorello H. LaGuardia, is proposing the granting of federal aid to localities for the purchase of air-raid precaution equipment and has distributed manuals for the instruction of local officials in various types of air-raid defense. The OCD has endorsed the model blackout ordinance proposed by the Institute of Municipal Law Officers for enactment by municipalities in order to clarify

¹ Mr. Landis subsequently announced a reorganization of the OCD into six divisions: civil air patrol, civilian protection, administrative service, community and volunteer participation, information, and an interdepartmental council.

civil-military relationships and give officials proper enforcement authority.

The blackout and war emergency ordinances enacted by cities since the declaration of war fall into four classes. Some cities have simply vested their mayors with authority to proclaim emergency rules with the effect of law. Another type of ordinance grants the power of promulgating rules to the municipal defense council. A third type directs the chief of police to sound blackout and all-clear signals at the request of the proper military authorities and authorizes police and firemen to enter premises showing lights during a blackout. A fourth type attempts to outline completely proper civilian conduct during blackouts but contains no provision for issuing further orders.

The OCD has issued an official series of bulletins giving instructions for emergency medical care of civilian population in war. The medical division of the OCD recommends the adoption of uniform plans by defense councils so that adjacent communities can pool or exchange their resources.

A civil air patrol, including about 23,000 civil aircraft, has been organized under OCD auspices to patrol some 2,000 airports on which there are no military or scheduled airline operations.

An appropriation of \$100,000,000 has been requested by the President for expenditure by the Office of Civilian Defense to provide protection for civilians against air attacks and other war hazards. Since not more than \$3,000,000 of the total, according to the request, could be used for administrative and personnel services in the District of Columbia, the bulk of the appropriation would presumably be devoted to the provision of equipment and facilities for use by local governments.

Governor Lehman of New York in a special message to the state legislature proposed to convert the New York state Office of Civilian Defense into an Office of Civilian Protection, with a regional director in each of several target areas, and a full-time local director of civilian protection in each locality to take command during an emergency. The governor recommended that the state defense council be empowered to command a local defense council, and it in turn to command local officials, to insure prompt action and adequate coordination during an emergency.

Rationing and Price Control

THE STATE and local defense council system, originally set up by the Division of State and Local Cooperation of the National Defense Advisory Commission, has been used extensively by all the defense and war agencies of the federal government. The Office of Price Administration, for example, in setting up its machinery for the rationing of tires, made the governor of each state and his defense council responsible for selecting a tire-rationing administrator and for developing the local administrative units for enforcement. The state councils generally passed the responsibility on to local councils, usually those organized on a county basis, but in some cases to the councils of municipalities. The local defense council then created a tire-rationing board, the members of which became unpaid federal agents. The formal structure of the system thus rested on a line of legal authority running from the Office of Price Administration to the state tire-rationing administrator, down to the local tire-rationing board, but the actual selection of the state administrator and the local board was made by the state and local defense councils respectively. The local boards administer the allocation of tires on a county and municipal basis. The OPA announced that the rationing plan would be issued as a priority order and would carry all the legal sanctions behind such an order, including the withholding of priority assistance in replenishing stocks and criminal penalties incident to falsification of reports.

Pending the enactment of a price control bill including statutory measures for rent control in special defense areas, local "fair rent committees" set up according to suggestions by the rent section of the OPA are attempting to prevent undue rental increases. In Washington, D.C., however, a statutory measure freezing rentals at the level of January 1, 1941, is administered by an executive appointed by the district commissioners. Half a dozen states in 1941 considered enabling legislation to make possible municipal regulation of rent, but no laws were enacted.

Industrial Production

THE NEED for more rapid and complete conversion of industrial facilities to war production led to the announcement on January

13 that the President would set up a War Production Board to take over the powers formerly exercised by the Supply Priorities and Allocations Board. Donald M. Nelson, previously executive director of SPAB, was made chairman of the new Board and was given general supervision over all production agencies with the power to make final decisions on all questions of procurement and production. Other members of the board are the same as those of the old SPAB.

By an Executive Order signed on January 16, the President authorized the Chairman of the War Production Board to "exercise general direction over the war procurement and production program," and to "determine the policies, plans, procedures, and methods of the several federal departments, establishments, and agencies in respect to war procurement and production." The Order further directed that "federal departments, establishments, and agencies shall comply with the policies, plans, methods, and procedures in respect to war procurement and production as determined by the Chairman." "The Chairman," the Order went on, "may exercise the powers, authority, and discretion conferred upon him by this Order through such officials or agencies and in such manner as he may determine; and his decisions shall be final."

A few days later Mr. Nelson converted the formal organization of the Office of Production Management into six major divisions under the War Production Board. The divisions are those for purchases, production, material, industry operation, labor, and civilian supplies. In addition, a field division is to be set up to coordinate the work of the former field offices of priorities and contract distribution.

Mr. Nelson announced that under the industry operation division about fifty industry units would be created, each with full power to direct the conversion of the industry to defense work as quickly as possible.

The War Production Board, said Mr. Nelson, would have a committee to gather information on the requirements of the armed services and other agencies, a progress reporting agency, a planning board, and divisions to handle legal, administrative, and information work.

Most of the War Production Board units were put under the direction of executives who had had similar duties in the OPM.

Before Mr. Nelson's appointment other measures had been taken to step up the tempo of industrial conversion to war production. In mid-December the industrial branches of the civilian supply and purchases divisions of OPM were instructed to report directly to the director general and associate director general of OPM so that the work of converting civilian production to war production might be expedited. In order to develop detailed conversion plans the OPM held meetings of industry advisory committees consisting largely of members nominated by the industry itself. At such meetings the leading OPM officials discussed the problems of each industry with its representative committee and called in officers of the armed services to outline supply needs, representatives of the civilian supply division to discuss civilian requirements, men from the materials division to provide accurate information on scarce supplies, officials of the production division to advise on over-all arms requirements and facilities, officials of the contract distribution division to discuss utilization of small and medium-size plants, and representatives of the labor division to plan the retraining of workmen.

The contract distribution division of OPM has established nearly one hundred field offices in which prospective producers of war materials can obtain information and engineering assistance.

The conversion of the automobile industry presents special problems. The OPM early in January appointed a seven-man subcommittee to formulate plans for such conversion. The committee includes three representatives of management, three of labor, and as chairman, an official of a leading rubber corporation.

Groups of small manufacturers in many sections of the country have organized defense production associations to seek and execute defense contracts and subcontracts they could not handle individually. In some areas municipalities have taken the initiative in stimulating the organization of such associations. In the Kansas City area, for example, mayors of 150 cities organized the Mid-Central War Resources Board and through that board furthered the establishment of a joint corporation of industrial firms called the Mid-Central Associated Industries, Incorporated, to contract for the production of war materials.

Mobilization of Manpower

THE SUCCESS of the war production effort obviously depends to a great extent on the mobilization and training of manpower. For this reason, the President nationalized the employment service system by requesting each governor to transfer the state employment service to the United States Employment Service. This operation caused few administrative difficulties since the federal government had been paying practically the entire cost of the operation of the state services, and the state personnel has been recruited on a merit basis under federal standards. The employment offices, the President promised, would continue to service the unemployment compensation agencies in each state.

The Federal Security Administrator, in whose agency the United States Employment Service is located, announced a three-point program to meet the labor needs of the war industries: (1) the transfer of the "priority unemployed" to war production; (2) the increased use of labor reserves, including women, older workers, and minority groups against which employers often discriminate; and (3) the upgrading of workers and their transfer to war production from less essential jobs.

The labor supply functions of the OPM and the employment service and employment security functions of the Federal Security Agency were brought together by the appointment of John J. Corson, director of the Bureau of Employment Security and of the U. S. Employment Service, as the chief of the OPM labor supply branch. The operations of the two agencies were also tied together by the appointment of Colonel Frank J. McSherry, formerly director of defense training in the Federal Security Agency, as deputy director for labor supply and training in the labor division of OPM and by the appointment of Lieutenant Colonel Nathaniel A. Burnell as both director of defense training in FSA and chief of the defense training branch of the OPM.

Anticipating extensive temporary unemployment during the process of converting peacetime to wartime industry, the President recently proposed to Congress the appropriation of \$300,000,000 for the payment of weekly benefits to displaced workers, on condition that they accept available war production jobs or

appropriate training. The President proposed that the sum be expended by the Social Security Board, which now directly operates the United States Employment Service and supervises state unemployment compensation agencies, the administrative expenses of which are paid entirely by the federal government. The proposal was offered as an emergency measure pending the creation of a uniform national system of unemployment assistance, as recommended in the President's budget message.

Arthur S. Flemming, member of the United States Civil Service Commission, is chairman of the federal Interdepartmental Committee on Labor Supply and chairman of a National Labor Supply Policy Committee, made up of six management and six union leaders, which will be responsible for formulating policies to govern the wartime mobilization of industrial workers.

To make possible adequate cooperation in the national program of education for war industries, twenty-three states last year enacted statutes authorizing special training provisions in the field of vocational education. In cooperation with the OPM and the FSA, the U. S. Office of Education is managing the expenditure of more than \$116,000,000 of special federal appropriations to support programs of vocational education and rehabilitation through state and local school systems. In addition to the two and one-half million persons who have received instruction by public educational authorities in every state in the union, more than two million workers in war contract factories have received in-plant training from employers through arrangements made by the training-in-industry branch of the OPM labor division. Scientific and technical courses on defense subjects in colleges and universities have enrolled nearly a quarter of a million students.

The special urgency of the problem of allocating trained and specialized personnel to their most useful war roles led the National Resources Planning Board to appoint a Committee on Wartime Requirements for Specialized Personnel. This committee is to assist the director of the National Roster of Scientific and Specialized Personnel in formulating recommendations for a policy to meet the demand of the armed services, civilian agencies, and private industry for technicians. The committee will work in cooperation with the program

of the Federal Security Agency to review the entire manpower policy of the nation.

A special committee on administrative personnel in the federal government has been appointed by the Civil Service Commission to aid in the discovery and identification, in or out of the federal service, of competent administrators and to help in their placement in the federal service.

A number of municipalities have given special courses of instruction to their employees in the protection of vital utilities and community services and in the new duties required by war programs. A special series of courses developed by the New York City Civil Service Commission is to be standardized for use by other cities.

A new War Labor Board composed of twelve members, with four each representing labor, management, and the public interest, was set up in January by the President to settle all types of labor disputes, including disputes over the closed shop issue, for the duration of the war. The new board replaces the National Defense Mediation Board.

New Federal Agencies

OTHER new federal agencies recently created are the Office of Defense Transportation, set up in the Office for Emergency Management to assure maximum utilization of the domestic transportation facilities of the nation, replacing the transportation commissioner of the National Defense Advisory Commission; the Office of Censorship, to exercise absolute discretionary control over communications of any type between the United States and foreign countries; the Office of Lend-Lease Administration in the Office for Emergency Management, to exercise the power conferred on the President by the Lend-Lease Act and its amending statutes, subject to the basic policy established by the State Department; and the Office of Facts and Figures in the Office for Emergency Management, to facilitate the dissemination of factual information through existing services and facilities on the progress of the war effort.

Reorganization in Agriculture

THE SECRETARY OF AGRICULTURE announced on December 13 a reorganization of the administrative machinery of the Department of

Agriculture. This reorganization had three principal effects: the consolidation of the seventeen line agencies formerly reporting directly to the Secretary into eight groups, each under a single administrator; the establishment of an agricultural defense board, including the administrators of the eight groups and the heads of the three staff offices most intimately connected with the formulation and interpretation of policy; and the creation of an administrative committee to put the reorganization into effect.

One of the newly created "administrators" was put in charge of the agencies dealing primarily with the conservation and use of agricultural resources; under the administrator of agricultural adjustment and conservation were grouped the Agricultural Adjustment Administration, the Soil Conservation Service, the Federal Crop Insurance Corporation, and the Sugar Division. The second group includes the scientific research bureaus. A third group is the agricultural marketing group, comprising the Surplus Marketing Administration, the Commodities Exchange Administration, and the Agricultural Marketing Service (except for the Division of Agricultural Statistics).

The other five "groups" contain a single agency each: the Commodity Credit Corporation, the Farm Security Administration, the Farm Credit Administration, the Forest Service, and the Rural Electrification Administration.

The new Agricultural Defense Board includes, in addition to the heads of these eight groups, the director of the Office of Agricultural Defense Relations, the chief of the Bureau of Agricultural Economics, and the director of the Extension Service.

The administrative committee, charged with the duty "to facilitate the execution of the organizational changes," consists of the solicitor, the director of personnel, and the director of finance.

Postwar Plans

A PROGRAM for the enforcement of a new Bill of Rights, making effective the "four freedoms," and for maintaining employment and building up the nation's resources after the war was outlined in the second annual report of the National Resources Planning Board.

The report said that "new forms of assistance and cooperative action between government and business will be needed in the post-defense period," and outlined measures of cooperation among governmental agencies for building up the physical capital resources of the country and furthering human welfare and security.

Decentralization from Washington

THE CRITICAL shortage in government office space and housing facilities and the prospect that some forty-five thousand additional federal employees would be brought to Washington within six months made necessary the decision of the federal government in mid-December to move twelve federal agencies or parts of agencies from Washington. It was expected that this move would result in the transfer of some ten thousand employees.

The decision was made as the result of a continuing study by the Bureau of the Budget of the office space and housing shortage problem. The basis of selection of agencies for removal was not their degree of importance to the war effort but rather the relative need for their location in Washington. The Public Buildings Administration was made responsible for the physical aspects of the transfer and the Civil Service Commission for the personnel aspects.

Bureaus of five old-line departments and one new agency were selected for removal. These bureaus and the cities to which they are being moved are: the Rural Electrification Administration and the Farm Security Administration of the Department of Agriculture to St. Louis; the Patent Office of the Department of Commerce to Richmond, Virginia; the Fish and Wildlife Service, the National Park Service, and the Office of Indian Affairs of the Interior Department to Chicago; the Immigration and Naturalization Service of the Department of Justice to Philadelphia; the Wages and Hours Division and part of the Office of the Solicitor of the Labor Department to New York City; and the Bureau of Old-Age and Survivors Insurance of the Social Security Board, Federal Security Agency, to Philadelphia. In addition, the Employees' Compensation Commission and the Railroad Retirement Board are being moved to Chicago and the Securities and Exchange Commission to Philadelphia.

News of the Society

THREE HUNDRED AND FORTY-ONE members of the American Society for Public Administration registered at the third annual meeting, held jointly with the thirty-seventh annual meeting of the American Political Science Association in New York City from December 27 to 31.

Harold D. Smith, director of the budget, Executive Office of the President, retiring president of the Society, spoke on "The Management of Government in a Democracy" in his presidential address.

Louis Brownlow, director of Public Administration Clearing House, was elected president of the Society at the business meeting. Joseph P. Harris, professor of political science at the University of California, was elected vice president. Alonzo G. Grace, commissioner of education for the state of Connecticut; Roscoe C. Martin, director of the Bureau of Public Administration, University of Alabama; and Joseph M. Cunningham, first deputy comptroller of the city of New York, were elected for three-year terms to the Council. William A. Jump, director of finance, United States Department of Agriculture, was appointed to the Council to fill a vacancy. Other members of the Council for the ensuing year are: Frederic P. Bartlett, manager of the regional office of the National Resources Planning Board in San Juan, Puerto Rico; Walter W. Finke, director of the Division of Social Welfare of the state of Minnesota; Julia J. Henderson, assistant management adviser of the Bureau of Employment Security, Social Security Board; Samuel C. May, director of the Bureau of Public Administration, University of California; William E. Mosher, dean of Maxwell Graduate School of Citizenship and Public Affairs, Syracuse University; Emil J. Sady, administrative assistant, Office of Indian Affairs; H. F. Scoville, director of the Bureau of Administrative Research, county of Los Angeles; Harold D. Smith, director of the budget, Executive Office of the President.

The secretary-treasurer made his annual report at the business meeting. On December 27, memberships and subscriptions had increased

in number to 1,927. Among them were persons from all but two states of the Union and from England, Canada, New Zealand, Tasmania, Brazil, China, and Australia. An analysis of the membership of the Society showed that 68 per cent are employed in the public service; 18 per cent are teachers and students of public administration; and the remaining 14 per cent are persons who are members of agencies in the field of public administration or whose affiliations are unknown.

Leonard D. White, professor of public administration, University of Chicago, continues as editor-in-chief of *Public Administration Review*. Other members of the Editorial Board appointed for the year 1942 are: Frederick F. Blachly, Brookings Institution; Gordon R. Clapp, general manager, Tennessee Valley Authority; Rowland Egger, director of the budget, Commonwealth of Virginia; C. A. Harrell, city manager, Schenectady, New York; Pendleton Herring, secretary of the Graduate School of Public Administration, Harvard University; Stuart A. MacCorkle, National Institute of Public Affairs; and Lindsay Rogers, Department of Public Law and Government, Columbia University.

Chapter News

The Alabama Chapter met on December 9, in Montgomery, Alabama. Miss Hallie Farmer, professor of history at Alabama College, was chairman of the discussion. During the afternoon meeting Captain Ivar T. Malmstrom, executive officer of the Alabama Ordnance Works, spoke on "Administrative Problems at the Alabama Ordnance Works"; Loula Dunn, state commissioner of public welfare, spoke on "Public Welfare in the Childersburg Area"; A. H. Watwood, principal of the Childersburg High School, presented "Childersburg's School Problem"; and H. D. Wilson, mayor of Childersburg, discussed "The Childersburg Development and Community Services."

The Los Angeles Chapter held its annual meeting December 9. The meeting was addressed by Charles E. Bennett, Los Angeles city planning director. H. F. Scoville, a member of

the Council of the national Society, presented a report of a meeting of the Sacramento Chapter which he attended in October. The retiring president, Roy A. Knox, director of the Los Angeles City Bureau of the Budget and Efficiency, presided at the meeting. The following officers were elected for the year 1942: president, Arthur C. Hohmann, deputy chief of police; vice president, Joseph M. Lowery, Los Angeles County auditor; secretary, Pierce H. Fazel, chief research technician, Los Angeles County Bureau of Administrative Research. The directors for 1942 are: Clifford N. Amsden, secretary and chief examiner, Los Angeles County Civil Service Commission; Howard Gardner, assistant secretary, League of California Cities; Raymond G. McKelvey, president, Pacific Southwest Academy, Occidental College; Milton Offner, Los Angeles City Department of Public Works; John M. Pfiffner, professor of public administration, University of Southern California; and Frank M. Stewart, director, Bureau of Governmental Research, University of California at Los Angeles.

The Sacramento Chapter met October 23 to hear an address by Professor Austin F. MacDonald of the University of California.

The Chicago District Chapter met on November 21 to discuss "The Impact of Defense on Local Government." At a meeting on December 30, the following officers were elected to serve for the year 1942: president, Blaine Hoover, superintendent of employment for the Chicago Park District; vice president, Keith Tindale, executive officer, Office of Price Administration, Chicago; and secretary-treasurer, Peter T. Swanish, commissioner of the Division of Placement and Unemployment Compensation for Illinois.

The Connecticut Organizing Committee, under the leadership of Alonzo G. Grace, state commissioner of education, met on October 27, to hear M. P. Catherwood, commissioner of commerce, New York State, speak on "The Problems of State and Local Government." Claude Taylor, assistant budget director for the state of Connecticut, was appointed chairman of the organizing committee.

The Kansas Chapter met on January 21, to elect permanent officers of the chapter. Members of the staff of Public Administration Service, who were in Kansas to establish a classification system for the newly created Kansas

Civil Service Department, discussed the methods used in setting up the merit system.

The Boston Chapter held a meeting on October 24, at which Arthur S. Flemming, member of the U. S. Civil Service Commission, was speaker.

The New York Metropolitan Area Chapter held a meeting on October 22, at which David C. Adie of the New York State Department of Social Welfare, discussed "State-Local Administrative Relationships." On November 26, William J. Brown, general secretary of the British Civil Service Clerical Association, spoke to the chapter on "Wartime Administration in Britain."

In Nashville, Tennessee, a group met on November 14, at the invitation of John T. Caldwell, director of the Institute of Research and Training in the Social Sciences, Vanderbilt University, to discuss the formation of Tennessee chapters in Nashville and Knoxville. It was agreed that Lee S. Greene, Department of Political Science, University of Tennessee, would assume the leadership in developing a chapter organization for the Knoxville area; and that John T. Caldwell, Vanderbilt University; William D. Price, executive director of the Tennessee State Planning Commission; and William R. Pouder, executive secretary of the Tennessee Taxpayers Association, would take the lead in organizing a chapter in Nashville.

The Utah Chapter was formally organized at a meeting held in Salt Lake City on December 1. A constitution was adopted and the following officers were elected: president, Wendell Grover, Utah State Industrial Commission; vice president, Tom McCoy, Utah Municipal League; secretary-treasurer, Charles P. Schleicher, Department of History and Political Science, University of Utah; and as council members, Dilworth Walker, dean of the School of Business, University of Utah; G. Homer Durham, Utah State Agricultural College; Thornton W. Peterson, Work Projects Administration state administrative officer; Ferrell Adams, Salt Lake County auditor; and Gordon Taylor Hyde, chairman of the State Finance Commission.

The Washington, D. C., Chapter is sponsoring jointly with the United States Department of Agriculture Graduate School a lecture series on "Washington-Field Relationships in the Federal Service."

meth-
n.
n Oc-
mem-
i, was

apter
David
ent of
lmin-
r 26,
f the
spoke
on in

et on
an T.
earch
erbilt
ennes-
le. It
ent of
essee,
ing a
area;

Uni-
tor of
; and
of the
take
lle.

ized at
ecem-
he fol-
endell
ssion;
icipal
chlei-
al Sci-
ouncil
chool
omer
llege;
dmin-
errell
ordon
nance

onsor-
tment
series
n the